HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING FEBRUARY 22, 2017 APPLICATION SUMMARY

NAME OF PROJECT:

Ivy Hall Nursing Home

PROJECT NUMBER:

CN1610-034

ADDRESS:

301 South Watauga Avenue

Elizabethton (Carter County), Tennessee 37643

LEGAL OWNER:

Ivy Hall, Inc.

301 Watauga Avenue

Elizabethton (Carter County), Tennessee 37643

OPERATING ENTITY:

Care Centers Management Consulting, Inc.

2020 Northpark, Suite 2D Johnson City, TN 37604

CONTACT PERSON:

Jerry Taylor

(615) 724-3247

DATE FILED:

October 11, 2016

PROJECT COST:

\$37,500

FINANCING:

Cash Reserves

REASON FOR FILING:

The addition of one (1) Dually Certified Medicare/Medicaid SNF bed to the existing 100 bed dually certified skilled nursing facility. The one (1) additional nursing home bed is subject to the 125 bed Nursing Home Bed Pool for the July 2016 to June 2017

state fiscal year period.

DESCRIPTION:

Ivy Hall Nursing Home seeks approval to increase from 100 to 101 total licensed beds through the addition of one bed from the 125 Nursing Home Bed Pool for the 2016-2017 state fiscal year period. If approved, the one proposed bed will be dually certified consistent with the current status of its existing 100 dually certified (skilled) nursing home beds.

As a part of project, the applicant plans to house the new bed in a room that is currently used as an isolation room. No construction or renovation is required.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following populationbased statistical methodology:

Need = .0005 x population 65 and under, plus .012 x population 65-74, plus .060 x population 75-84, plus .150 x population 85 +

The Tennessee Department of Health calculated the nursing home bed need for Carter County to be 566 beds. There are currently 578 licensed nursing home beds in Carter County.

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

For 1-2 above, the net nursing home bed need for Carter County is a surplus of 12 beds in 2018.

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement

their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The majority of Carter County residents are within a 30 minute travel time of the site of the applicant's nursing home in Elizabethton, TN.

It appears that this criterion has been met.

4. Existing Nursing Home Capacity: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

There are currently six nursing homes in Carter County representing 578 beds. According to the 2015 Joint Annual Report, the combined licensed bed occupancy was approximately 82.2% during the period. Three of the six Carter County nursing homes achieved occupancy rates above 90% in 2015.

It appears that this criterion has not been met.

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding nursing home CON projects in Carter

County.

It appears that this criterion is not applicable.

6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The analysis above is based on data provided in the Department of Health Report for this application and the Department of Health Facility Licensure website.

It appears that this criterion has been met.

7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant facility is an existing 100 bed licensed nursing home requesting one additional licensed bed from the 125 Bed Nursing Home Bed Pool from the 2016-2017 state fiscal year period.

It appears that this criterion is not applicable.

- 8. Encouraging Facility Modernization: The HSDA may give preference to an application that:
 - a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

The proposed project only involves the addition of one licensed bed that does not involve renovation or construction.

It appears that this criterion is not applicable.

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

If approved, the applicant expects no additional staff will be required.

It appears that this criterion is not applicable.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The applicant has hospital transfer agreements with Sycamore Shoals

Hospital (Carter County) and Wellmont Bristol Regional Medical Center (Sullivan County), as well and other contractual arrangements with medical providers. A complete list is included in Attachment Section B-Orderly Development.1.

It appears that this criterion has been met.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The applicant serves all populations in the service area. Ivy Hall's occupancy rate for the years 2013 through 2015 was in the 95-96% range. The goal of the applicant is to return patients to a less restrictive environment.

It appears that this criterion <u>has been met.</u>

12. Quality Control and Monitoring: The applicant should identify and the average occupancy document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant has a Quality Assurance Performance Improvement

(QAPI) plan that meets the requirements of the Affordable Care Act. The applicant is actively involved and committed to improving patient services through administration of its QAPI plan. The applicant is accredited by The Joint Commission.

It appears that this criterion has been met.

13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant will provide TDH and HSDA all reasonably requested data related to the operation of the nursing home.

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant expects to exceed an average occupancy rate greater than 90% after two years of operation.

It appears that this criterion has been met.

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an

average range or standards of the Medicare 5 Star program.

All of Carter County nursing homes are licensed at 50 beds or above. Three of the six nursing homes did not attain 90% occupancy in 2015.

There are no Carter County nursing homes that been identified by the TDH Regional Administrator as consistently non-complying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

It appears that this criterion has not been met.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

The applicant attained an occupancy rate of 96.3% in the previous reporting JAR year 2014. The applicant reports an occupancy rate of 96.8% for the Year 2015.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Application Synopsis

Ivy Hall Nursing Home is an existing 100 bed dually certified nursing home located on a 1.68 acre site at 301 South Watauga Avenue, Elizabethton (Carter County), Tennessee. The proposed project will add a total of one additional licensed bed to Ivy Hall Nursing Home by converting an isolation room to a licensed bed (private). As displayed in the table below of Carter County nursing home private and semi-private rooms, the number of available Carter County nursing home private rooms would increase from 65 to 66 if this project is approved.

Carter County Licensed Bed Types

Nursing Home	Licensed Beds	# of private beds	# of Semi- private beds	# of Ward Beds
Hermitage Health Center	70	6	64	0
Hillview Health Center	76	24	52	0
Ivy Hall Nursing Home	100	17	76	7
Life Care Center of Elizabethton	158	4	154	0
Pine Ridge Care and Rehabilitation	94	2	92	0
Roan Highlands Nursing Home	80	12	68	0
Total	578	65	506	7
If approved, beds after project completion	579	66 (+1 private bed)	506	7

Sources: 2015 JAR, Health Facility Licensure website

Note to Agency Members: Life Care Center of Elizabethton (Life Care) reported 154 licensed beds in the 2015 JAR but reported 158 licensed beds to Health Facility licensure. Life Care also reported having all licensed beds certified for Medicare-only in the JAR. HSDA staff telephoned the administrator of Life Care on 2/9/17. The administrator verified that the facility was licensed for 158 beds and that all the beds were Medicare/Medicaid certified.

The target date for completion of the project is March 2017, subject to licensure approval by the Tennessee Department of Health.

125 bed Nursing Home Bed Pool

- The applicant is requesting 1 new bed which will come from the Nursing Home 125 bed pool for the July 2016 to June 2017 state fiscal year period.
- There are currently 95 nursing home beds available in the July 2016 to June 2017 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Facility Information

- The Ivy Nursing Home campus includes a main building that consists of 52 licensed beds, a connecting structure that includes 18 licensed beds, and a 3 story building that includes 30 licensed beds.
- The proposed isolation bed to be converted to a licensed nursing home bed is located next to the connector between the main building (52 licensed beds) and the connecting one story building (18 licensed beds) The connecting one story building includes 7 semi-private rooms, one private room, and one 3 bed ward.
- A plot plan is included in Attachment A-6B-1 and floor plan in attachment A-6B-2.

Ownership

- Ivy Hall Nursing Home is owned 100% by its one shareholder Judy C. Deloach. Judy C. Deloach also serves as the administrator.
- Ivy Hall Nursing Home is a Tennessee registered for-profit corporation formed on June 13, 1961.
- Ivy Hall Nursing Home has no corporate parent, affiliate, or subsidiary.
- Ivy Hall Nursing Home is managed by Care Centers Management Consulting Inc.

History

- The applicant was approved in 77-CN-556 at the June 1, 1977 Agency meeting for the addition of 33 nursing home beds.
- The applicant was approved at the June 24, 1992 Agency meeting for the addition of 23 nursing home beds.
- There have been no Certificate of Need applications filed by the applicant since 1992.

NEED

Project Need

- Ivy Hall Nursing Home experienced licensed bed occupancy of 96.8% in CY2015 and is requesting one additional bed to meet some of the expected demand for skilled nursing and rehabilitation services.
- The footprint of the building cannot be expanded due to geographic barriers and there is not sufficient room in the facility to add more beds or rooms.
- The existing private rooms are not large enough to accommodate another bed by converting them to semi-private beds.

Service Area Demographics

The applicant's declared service area is Carter County. An overview of the service area is provided as follows:

- The total population is estimated at 58,139 residents in calendar year (CY) 2016 and is projected to increase by approximately 0.2% to 58,274 residents in CY 2018.
- The overall statewide population is projected to grow by 2.2% from 2016 to 2018.
- The 65 and older population is expected to comprise approximately 22% of the total county population in CY2018 compared to 16.9% statewide.
- The 65 and older population will increase by approximately 5.8% from 12,124 in CY2016 to 12,830 in CY2018 compared to a statewide increase of 7.7% during the period.
- The proportion of TennCare enrollees of the total county population is estimated to be 23.8%, compared with the state-wide average of 22.8%.

Service Area Historical Utilization

The inventory and utilization of nursing homes in Carter County is summarized in the following tables.

Carter County Nursing Home Utilization-2015

Name	Lic.	Beds-	Beds-	SNF	SNF	SNF	Non-	Non-	Total
		MCARE	Dually	Medicare	Medicaid	Other	skilled	skilled	ADC
	Beds	only-	Certified	ADC	ADC	ADC	Medicaid	ADC	
		certified					ADC		
Hermitage	70	0	70	10.9	0	0	37.0	17.2	65.1
Health Center									
Hillview	76	0	76	13.1	0	6.0	36.8	12.9	68.8
Health Center									
Ivy Hall	100	0	100	15.0	0	0.13	65.9	15.8	96.8
Nursing Home									
Life Care	158	0	158	16.9	5.1	0	70.3	5.2	97.6
Center of									
Elizabethton									
Pine Ridge	94	0	94	15.8	0.	0	56.0	5.5	77.3
Care and									
Rehabilitation									
Roan	80	0	80	11.1	0.04	0.3	44.2	13.9	69.6
Highlands									
Nursing Home									
Total	578	0	578	82.8	5.14	6.43	310.2	70.5	475.2

Source: Nursing Home JAR, 2015, Health Facility Licensure website. (Legend: Medicare=MCARE; TennCare/Medicaid=Medicaid)

The historical utilization table reflects the following:

- All of the 578 licensed beds in Carter County are dually Medicare/Medicaid certified beds.
- Average daily census (ADC) was 475.2 or 82.2% of all licensed beds in CY2015.
- Non-skilled patients accounted for the highest utilization at 80.1% of total ADC in CY2015.
- Medicare Skilled ADC was 82.8 patients per day or 17.4 % of total ADC.
- Medicaid Skilled ADC was 5.14 patients per day or 1.1% of total ADC.

Carter County Nursing Home Utilization

Nursing	2016	2013	2014	2015	′13- ′15	2013	2014	2015
Home	Lic.'d	Patient	Patient	Patient	%	%	%	%
	Beds	Days	Days	Days	Change	Occ.	Occ.	Occ.
Hermitage	70	24,065	22,527	23,753	-0.3%	94.2%	88.2%	93.0%
Health Center								
Hillview	76	22,400	25,315	25,110	+12.1%	80.7%	91.3%	90.5%
Health Center								
Ivy Hall	100	34,833	35,159	35,322	+1.4%	95.4%	96.3%	96.8%
Nursing								
Home								
Life Care	158	39,076	36,817	35,621	-8.8%	67.8%	63.8%	61.8%
Center of								
Elizabethton								
Pine Ridge	94	33,569	28,659	28,230	-15.9%	97.8%	83.5%	82.2%
Care and								
Rehabilitation								
Roan	90	26,521	26,370	25,403	-4.2%	90.8%	90.3%	87.0%
Highlands								
Nursing								
Home								
Total	578	180,464	174,847	173,439	-3.9%	85.5%	82.9%	82.2%

Source: Nursing Home JAR, 2013-2015; Health Facility Licensure website

Overall utilization of the 6 nursing homes in Carter County decreased by approximately 3.9% from 2013-2015.

- Carter County nursing home utilization in 4 of the 6 nursing homes declined from 2013 to 2015 ranging from -0.3% to -15.9%.
- 2015 bed occupancy ranged from 61.8% at Life Care Center of Elizabethton (158 beds) to 96.8% at Ivy Hall Nursing Home (100 beds).

Applicant's Historical and Projected Utilization

The following table indicates the applicant's historical and projected utilization.

Applicant's Historical and Projected Utilization

			F F		O11041 4			ou ouiill	LLIOIL		
Nursing	2013	2014	2015	2013	2014	2015		Year 1	Year 2	Yr. 1	Yr. 2
Home	Patient	Patient	Patient	%	%	%		2017	2018	2017	2018
	Days	Days	Days	Occ.	Occ.	Occ.		Patient	Patien	Occ.	Occ.
							376	Days	t Days		
Ivy Hall	34,833	35,159	35,322	95.4%	96.3%	96.8%	1	35,945	36,122	97.5%	98%
Nursing											
Home											

Source: CN1610-034

Patient occupancy ranged from 95.4% in 2013 to 96.8% in 2015 on 100 licensed

beds.

• The facility occupancy is projected at 97.5% in Year One and 98% in Year Two on 101 licensed beds.

ECONOMIC FEASIBILITY

Project Cost

The total project cost is \$37,500. Major costs are:

- Legal, Administrative, and Consultant Fees \$20,000, or 53.3% of total cost.
- Moveable Equipment \$2,500 or 6.6% of total cost.
- For other details on Project Cost, see page 24 of the application

Financing

The proposed project will be financed from Cash Reserves of Ivy Hall Inc. d/b/a as Ivy Hall Nursing Home.

- A September 9, 2016 letter from Anita B. West, Chief Financial Officer attests there are sufficient funds available to fund the project.
- Review of Ivy Hall Nursing Home's audited financial statement for the period ending December 31, 2015 revealed current assets of \$1,421,935, including cash of \$468,501, and current liabilities of \$994,381 for a Current Ratio of approximately 1.42 to 1.0.

Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

The applicant provided a revised historical data chart in Supplemental #1.

• According to the Historical Data Chart Ivy Hall Nursing Home experienced operating losses for two of the three most recent years reported: (\$279,401) for 2013; (\$236,448) for 2014; and \$548,282 for 2015.

Projected Data Chart

The applicant projects \$9,829,828.00 in total gross revenue on 35,945 patient days in Year 1 increasing by 0.50% to \$9,878,013 on 36,122 patients in Year 2 (approximately \$273.00 per day). The Projected Data Charts reflect the following:

- Net operating income less capital expenditures is estimated at (\$22,165) in Year One increasing to (\$11,273) in Year Two.
- Deductions from operating revenue for contract deductions and bad debt are estimated at \$1,866,018 or approximately 18.9% of total gross revenue in Year Two.
- There are no charity care designations in Year One and Year Two of the proposed project.

Charges

In Year 1 of the proposed project (2017), the 101 licensed bed Ivy Hall's average gross daily patient charge and average net charge after deductions for contractual adjustments, charity and bad debt is shown in the table below.

Average Daily Charge	Total 101 beds
Average Gross Charge	\$273.47
Average Net Charge	\$221.81

Source: CN1610-034

Medicare/TennCare Payor Mix

• TennCare-The applicant is a dually certified facility and participates in TennCare. The payor mix in Year 1 for skilled nursing care is shown in the table below.

Applicant's Payor Mix, Year 1, 101 Beds

Payor Source	Net	as a % of
	Operating	Total
	Revenue	
Medicare	\$2,597,632	26.5%
TennCare/Medicaid	\$5,077,635	51.8%
Commercial/Managed	\$548,993	18.29%
Care		
Self-Pay	\$519,526	5.3%
Other	\$1,058,599	10.7%
Total	\$9,802,385	100%

Source: CN1610-034

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- Ivy Hall Nursing Home has an active license from the Tennessee Department of Health that will expire on May 16, 2017.
- The most recent recertification survey was conducted on May 23-25, 2016.
- The applicant was notified by the East Tennessee Regional Office, Division of Health Care Facilities, Tennessee Department of Health on July 25, 2016 that the provider plan of correction was accepted and the facility was found to be in full compliance with all Medicare Conditions of Participation effective July 8, 2016.

Certification

• The applicant is certified by the Centers for Medicare and Medicaid Services (CMS).

Accreditation

• Ivy Hall Nursing Home is accredited by The Joint Commission effective April 11, 2016. The accreditation is valid for up to 36 months.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant has hospital transfer agreements with Sycamore Shoals Hospital (Carter County) and Wellmont Bristol Regional Medical Center (Sullivan County), as well and other contractual arrangements with medical providers.
- A complete list is included in Attachment Section B-Orderly Development.1.

Impact on Existing Providers

• The applicant notes the one additional bed represents only 0.17% of the current inventory of 574 licensed beds in the service area and should not impact other providers in Carter County.

Staffing

The staffing in full time equivalents in Year 1 for the 101 bed nursing home is shown below.

- 3.27 FTE- Nursing Administrative Nurses
- 15.52 FTE-Licensed Practical Nurses (LPNS)
- 4.31 FTE-Registered Nurses (RNs)
- 42.78 FTE-Certified Nurse's Assistant (CNA)
- 65.88-Total Direct Care

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON will expire in 2 years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied applications, pending applications or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no letters of intent, denied applications, pending applications or outstanding Certificates of Need for other service area health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 12/08/16

NURSING HOME BED POOL STATS

July 1, 2016 through June 30, 2017 125 BED POOL

Nursing Home Beds APPROVED	30 NH Beds
Nursing Home Beds DENIED	0 NH Beds
Total Beds AVAILABLE from Bed Pool	95 Beds Available

Nursing Home Beds PENDING	1 NH Beds
Total Beds PENDING from Bed Pool	1 Beds Pending

COUNTY	PROJECT NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Titpon	CN1609-033	Life Options of West Tennessee, Inc.	Approved	12/14/2016	The establishment of a 30 bed skilled nursing home. The proposed facility will be based on the Green House Project model and will consist of three ten bed buildings
Carter County	CN1610-034	Ivy Hall, Inc.	Pending	2/22/2017	The addition of one (1) skilled nursing bedeto the existing licensed 100 bed Ivy Hall Nursing Home located at 301 South Watauga Avenue, Elizabethton (Carter County), Tennessee.

LETTER OF INTENT



LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Elizabethton Star which is a newspaper of general circulation in Carter County, Tennessee, on or before October 7, 2016 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Ivy Hall, Inc., a Tennessee corporation, d/b/a Ivy Hall Nursing Home intends to file an application for a Certificate of Need for the addition of one (1) skilled nursing bed. No services are being initiated or discontinued. Ivy Hall Nursing Home is located at 301 South Watauga Avenue, Elizabethton, Carter County, Tennessee, 37643. Ivy Hall Nursing Home is licensed as a nursing home by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is \$37,500.00.

The anticipated date of filing the application is October 12, 2016.

The contact person for this project is Jerry w. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tennessee, 37219, 615-724-3247; itaylor@burr.com

Signature

Date

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF0051 (Revised 05/03/04 - all forms prior to this date are obsolete)

COPY

IVY HALL NURSING HOME, INC.

CN1610-034



State of Tennessee 22 11:09 am Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1.	Name of Facility, Agency, or Ins	titution		
	Ivy Hall Nursing Home Name			
	301 South Watauga Avenue Street or Route		<u>Carter</u> County	
	<u>Elizabethton</u> City	<u>Tennessee</u> State	37643 Zip Code	
	Website address:			
Note cons	e: The facility's name and address <u>i</u> sistent with the Publication of Intent.	nust be the name and	address of the project a	nd <u>must be</u>
2.	Contact Person Available for Re	sponses to Question	<u>ıs</u>	
	Jerry W. Taylor	Attor	rney	
	Name		Title	
	Burr & Forman, LLP	C	jtaylor@burr.com	
	Company Name		Email address	
	511 Union Street, Suite 2300 Street or Route	Nashville City	TN 37219 State Zip Co	
	Attorney Association with Owner	615-724-3247 Phone Num	615-724-3248 nber Fax Numb	er

NOTE: Section A is intended to give the applicant an opportunity to describe the project. Section B addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

23

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

 Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

Ivy Hall Nursing Home seeks authority to add one (1) skilled nursing bed to it current complement of 100 beds. The additional bed will be dually certified for Medicare and Medicaid/TennCare. The new bed will be housed in a room that is currently used as an isolation room, but has no licensed bed in it. Currently when a patient needs isolation, the patient is rolled into the room from a room with a licensed bed. Thus, no construction or renovation is required.

2) Ownership structure;

Ivy Hall Nursing Home is owned by Ivy Hall, Inc. Its sole shareholder is Judy C. Deloach, who also serves as the administrator. There is no corporate parent, affiliate or subsidiary.

3) Service area;

Ivy Hall's service area for the purpose of this application is Carter County. Approximately 85% of admissions to lvy Hall are residents of Carter County.

Existing similar service providers;

There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. The addition of only one bed should not threaten the financial viability of, or have any other significant impact on, existing facilities.

5) Project cost;

The estimated project cost is minimal: \$37,500.00.

6) Funding;

Funding will be through available cash reserves of Ivy Hall.

7) Financial Feasibility including when the proposal will realize a positive financial margin;

The project will be profitable from the outset.

No additional staffing is required. ²⁴ by Hall will continue to meet all staffing ratio requirements with the current staff.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

Ivy Hall consistently operates at or near its licensed bed capacity. Its average occupancy rates for the last three years were:

2015: 96.8% 2014: 96.3% 2013: 95.4%

While the addition of one bed will not provide much relief or improvement as far as the occupancy rate, it will provide some needed additional capacity. Moreover, there is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

2) Economic Feasibility;

This project is economically feasible. Project costs are minimal, and funds are on hand. It is profitable from the outset. And, using the currently unoccupied isolation room as a private resident room with a licensed bed is a much more efficient use of resources.

3) Appropriate Quality Standards;

Ivy Hall is in good standing with the TDOH and the Joint Commission. Ivy Hall had no serious deficiencies on its most recent survey in May of 2016. Ivy Hall has a 4 star (out of 5) rating on the CMS Nursing Home Compare web site. It is a consistently high quality long term care provider.

4) Orderly Development to adequate and effective health care.

existing nursing homes in Carter County are well utilized, as described in A (4) above. The addition of only one bed should not threaten the financial viability of, or have any other significant impact on, existing facilities.

Because this project will meet a need for some additional capacity at Ivy Hall without negatively impacting other nursing homes in the service area, it will contribute to the orderly development of adequate and effective health care.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

N/A.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

_	Own	ner of the Facility, Agency or Institut	<u>tion</u>		
Α.	lvy ł	Hall, Inc.	423-542-6512		
	Nam				Phone Number
		Watauga Avenue		_	Carter
		et or Route			County
	Eliza City	abethton	TN St	tate	37643 Zip Code
	City		Οί	alt	Zip Code
8)					
В.	<u>Typ</u>	e of Ownership of Control (Check O	ne)		
	A.	Sole Proprietorship	F.		t (State of TN or
	B.	Partnership	÷	Political Sub	· ·
	C.	Limited Partnership	G.	Joint Venture	e
	D.	Corporation (For Profit) X	Н.	Limited Liabil	lity Company
	E.	Corporation (Not-for-		Other (Speci	ify)
		Profit)	Í.		
A co	ppy of scribes nersh all Ners as propora	ent Section A-4A. f corporate documentation is attached as the existing or proposed owners ip structure organizational chart. Explementation of the ownership structure resist of the ownership entity and each is with 5% ownership (direct or indirect ownership) (direct or indirect ownership) (direct or indirect ownership) (direct or indirect ownership) (direct ownership) (s Attachr ship sta cplain the celate to member to interest te parent	ment Section A ructure of the corporate s the applicant er's percentagest. e shareholder t, affiliate or su ection A-4A-2.	he applicant, including an structure and the manner in t. As applicable, identify the age of ownership, for those is Judy C. Deloach, who also absidiary.
5.	Nam	ne of Management/Operating Entity ((If Appli	cable)	
	<u>Care</u> Nam	e Centers Management Consulting, Inc le	<u>;</u>		
		Northpark, Suite 2D			Washington
		et or Route			County
	John City	son City	TN	State State	37604 Zip Code
	-	site address: ivvhallnursinghome.com	O	late	Zip Gode

of a draft management agreement that at leasy includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.

A copy of the Management Agreement is attached as <u>Attachment Section A-5.</u>

A. B. C.	Ownership X D. Option to Lease E. Other (Specify) Lease of Years
currently applicant project lo location Option documen Lease/Op and actual	ppropriate line above: For applicants or applicant's parent company/owner that own the building/land for the project location, attach a copy of the title/deed. For its or applicant's parent company/owner that currently lease the building/land for the ocation, attach a copy of the fully executed lease agreement. For projects where the of the project has not been secured, attach a fully executed document including to Purchase Agreement, Option to Lease Agreement, or other appropriate station. Option to Purchase Agreements must include anticipated purchase price, of the Lease Agreements must include the actual/anticipated term of the agreement al/anticipated lease expense. The legal interests described herein must be valid on of the Agency's consideration of the certificate of need application.
Copies of	the deeds are attached as Attachment Section A-6A.
route <u>DO N</u>	h a copy of the site's plot plan, floor plan, and if applicable, public transportation to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. OT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not awn to scale.
1)	Plot Plan <u>must</u> include:
	a. Size of site (in acres);
	b. Location of structure on the site;
	c. Location of the proposed construction/renovation; and
8	d. Names of streets, roads or highway that cross or border the site.
	A plot plan is attached as <u>Attachment Section A-6B-1.</u>
2)	Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 $\frac{1}{2}$ by 11 sheet of paper or as many as necessary to illustrate the floor plan.
	A floor plan is attached as Attachment Section A-6B-2.
3)	Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Check One

T.	A. Hospital (Specify) 29 B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty C. ASTC, Single Specialty D. Home Health Agency E. Hospice F. Mental Health Hospital G. Intellectual Disability	
	Institutional Habilitation Facility ICF/IID	Wi. Other (Opechy)
Che	ck appropriate lines(s).	
8.	Purpose of Review (Check appropriate lines(s) – more than one response may apply)
	A. New Institution B. Modifying an ASTC with limitation still required per CON C. Addition of MRI Unit D. Pediatric MRI E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify)	F. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] G. Satellite Emergency Dept. H. Change of Location 1. Other (Specify)
9.	Medicaid/TennCare, Medicare Participation	
	MCO Contracts [Check all that apply]	
	_X_AmeriGroup <u>X</u> _United Healthcare _XTennCare Select	Community Plan _X_BlueCare
	Medicare Provider Number 445469	
	Medicaid Provider Number 7440103 (ICF); (0445469 (SNF)
	Certification Type Nursing Home	
	If a new facility, will certification be sought for M	
	MedicareYesNo _X_N/A Medicaid/Ter	nnCareYesNo _X_N/A

o. <u>Bed Complement Data</u>

A. Please indicate current and proposed distribution and certification of facility beds.

		Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1)	Medical						
2)	Surgical	2		*	·		-
3)	ICU/CCU						
4)	Obstetrical		8	######################################	2.	-	
5)	NICU						
6)	Pediatric		E		S 		-
7)	Adult Psychiatric				1-12		
8)	Geriatric Psychiatric			-) = = = = = = = = = = = = = = = = = = = 		
9)	Child/Adolescent Psychiatric	*					
10)	Rehabilitation			3	·	-	
11)	Adult Chemical Dependency		-	8	-		
12)	Child/Adolescent Chemical Dependency			2 	·	18	: :
13)	Long-Term Care Hospital			3	-		3
14)	Swing Beds						
15)	Nursing Home – SNF (Medicare only)	g 		-	•		9
16)	Nursing Home – NF (Medicaid only)	10 2		-	14.4 To 15.4 T	*	·
17)	Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	100		1	***************************************	· · · · · · · · · · · · · · · · · · ·	
18)	Nursing Home – Licensed (non-certified)			 _			
19)	ICF/IID		-):	
20)	Residential Hospice	-		-			
TO	TAL	100		1	-		404
`*Be	ds approved but not yet in service		oted under 10	% per 3 year p	ròvision		101

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

Ivy Hall consistently operates at or near its licensed bed capacity. Its average occupancy rates for the last three years were:

2015: 96.8%2014: 96.3%2013: 95.4%

While the addition of one bed will not provide much relief or improvement as far as the occupancy rate, it will provide some needed additional capacity. Moreover, there is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved			
*		- PP			
	?	()			
	·	-			
: :		2			
-	2======================================	·			

Residential Hospice), identify the following by checking all that apply:

were the second				Z			
	Existing	Parent	Proposed		Existing	Parent	Proposed
	Licensed	Office	Licensed		Licensed	Office	Licensed
	County	County	County		County	County	County
Anderson				Lauderdale			
Bedford				Lawrence			
Benton				Lewis			
Bledsoe				Lincoln			
Blount				Loudon			
Bradley				McMinn			
Campbell				McNairy			
Cannon				Macon			
Carroll				Madison			
Carter				Marion			
Cheatham				Marshall			
Chester				Maury			
Claiborne				Meigs			
Clay				Monroe			
Cocke				Montgomery			
Coffee				Moore			
Crockett				Morgan			
Cumberland				Obion			
Davidson				Overton			
Decatur				Perry			
DeKalb				Pickett			
Dickson				Polk			
Dyer				Putnam			
Fayette				Rhea			
Fentress				Roane			
Franklin				Robertson			
Gibson				Rutherford			
Giles				Scott			
Grainger				Sequatchie			
Greene				Sevier			
Grundy				Shelby			
Hamblen				Smith			
Hamilton				Stewart			
Hancock				Sullivan			
Hardeman				Sumner			
Hardin				Tipton			
Hawkins				Trousdale			
Haywood				Unicoi			
Henderson				Union			
Henry				Van Buren			
Hickman				Warren			
Houston				Washington			
Humphreys				Wayne			
Jackson				Weakley			
Jefferson				White			
Johnson				Williamson			
Knox				Wilson			
Lake						F18578951	

TE. Oquare 100	33 Proposed			Proposed Final Square Footage				
	Existing Existing Temporary Final		7100000	lootage				
Unit/Department	Location	SF	Location	Location	Renovated	New	Total	
	10							
							_	
					, and a			
11 11/12								
Unit/Department GSF Sub-Total								
Other GSF Total			y					
Total GSF	(32)							
*Total Cost						š s		
**Cost Per Square Foot								
					□ Below 1 st Quartile	☐ Below 1 st Quartile	☐ Below 1 st Quartile	
Cost per Square Foot Is Within Which Range					☐ Between 1 st and 2 nd Quartile	□ Between 1 st and 2 nd Quartile	☐ Between 1 st and 2 nd Quartile	
(For quartile ranges, please refer to the Applicant's Toolbox on <u>www.tn.gov/hsda</u>)			□ Between 2 nd and 3 rd Quartile	☐ Between 2 nd and 3 rd Quartile	☐ Between 2 nd and 3 rd Quartile			
				□ Above 3 rd Quartile	□ Above 3 rd Quartile	□ Above 3 rd Quartile		

^{*} The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

^{**} Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

- 1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
- 2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:
- A. Complete the chart below for acquired equipment.

Linear Accelerator	Mev Total Cost*: □ New	Types:
MRI	Tesla: Total Cost*: □ New	Magnet: Breast Extremity Short Bore Other By Purchase By Lease Expected Useful Life (yrs) Refurbished If not new, how old? (yrs)
PET	□ PET only Total Cost*: □ New	□ PET/CT □ PET/MRI □ By Purchase □ By Lease Expected Useful Life (yrs) □ Refurbished □ If not new, how old? (yrs)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	4	
Mobile Locations (Applicant)		to the second to the second
(Name of Other Location)		
(Name of Other Location)		

E. Identify the clinical applications to be provided that apply to the project.

^{*} As defined by Agency Rule 0720-9-.01(13)

documentation of the same.

35

In accordance with T.C.A. § 68-11-1609(b), "no Ceffificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

Nursing Home Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Need = .0005 x population 65 and under, plus
.012 x population 65-74, plus
.060 x population 75-84, plus
.150 x population 85 +

The bed need calculation is performed by, and the results are maintained by, the Department of Health, Division of Health Statistics. According to that data, Carter County will have a need for 566 beds in 2018. According to data from the Division of Health Statistics, the existing inventory of licensed beds is 574. According to the Health Care Facilities website, the existing inventory is 578. So depending on which inventory is used in the calculation, it shows there will be a surplus of between 8-12 beds in Carter County in 2018.

A copy of the gross bed need calculations by county from the Division of Health Statistics is attached as Attachment Section B-Need-1.

into the future from the current year.

A two-year planning horizon was used in the Department of Health calculations.

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Ivy Hall's service area for the purpose of this application is Carter County. Approximately 85% of admissions to Ivy Hall are residents of Carter County.

4. Existing Nursing Home Capacity: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Not all nursing homes in Carter County are operating at 90% occupancy. There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. The addition of only one bed should not threaten the financial viability of existing facilities.

A table reflecting the utilization of nursing homes in Carter County is attached as <u>Attachment B. Need, 4</u>.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

N/A.

- 5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.
- N/A. There are no outstanding CONs for nursing home beds in Carter County.
- 6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The Department of Health, Division of Health Statistics was the data source relied upon.

7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

N/A.

8. Encouraging Facility Modernization: The HSDA may give preference to an application that:

None of these considerations are applicable to this application.

- a. Proposes a replacement facility to modernize an existing facility.
- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
- c. Does not increase its number of operating beds.
- 9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

No additional staff will be required as a result of this project. Ivy Hall will continue to meet or exceed the required staffing ratios.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

and surrounding communities for over 50 years. Ivy Hall works directly with community health care service providers and managed care organizations to ensure residents receive the best care possible even in the most difficult or trying situations. Ivy Hall Nursing Home is centrally and conveniently located in the heart of Elizabethton and has served its families for generations. While the addition of one licensed bed may seem trivial, it will allow Ivy Hall to better utilize the use of an under-utilized isolation room, providing care year round as opposed to infrequent isolation needs.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. At any given time there may or may not be a bed available. Ivy Hall's occupancy rate for the years 2012 through 2014 was 96%. So clearly there is a need for better access to beds at Ivy Hall.

The goal of the Choices program and the goal of Ivy Hall is to assist residents to receive the care needed in a less restrictive, less costly environment, allowing them to remain in their homes. Often times, it is the care provided by Ivy Hall and the long term care community that allows a resident to gain their independence in a less restrictive manner affording them the ability to remain at home. This is evidenced by the many acute care services and rehabilitation services provided by Ivy Hall.

12. Quality Control and Monitoring: The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

lvy Hall's Quality Control and Monitoring process was designed and implemented to ensure compliance with the Affordable Care Act through processes of meeting quality standards, assuring that care reaches and exceeds acceptable levels and continually analyzing our performance with systematic efforts for continual improvement. Program objectives include: 1) systemically and effectively monitor, evaluate and document resident care in relation to established standards; 2) delineate lines of authority, responsibility and accountability in achieving quality care; 3) enable Department Managers to identify areas of concern and implement corrective actions resulting in improved services; and 4) maximize the results of continual monitoring by consolidating data for analysis and action. Indicators such as quality

increase in unusual incidents, compliance audit findings, self-identified issues or concerns, national benchmarks and best practice guidelines are used in the identification/evaluation process. Evaluation and audit tools are used in the analysis process supplemented by trending tools for the ongoing monitoring of effectiveness.

lvy Hall is accredited by and in good standing with the Joint Commission.

13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

lvy Hall agrees to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

- 14. Additional Occupancy Rate Standards:
- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

As reflected on the Projected Data Chart, Ivy Hall will maintain an average occupancy rate of greater than 90% after the addition of the additional bed. This is consistent with historical occupancy rates, which have exceeded 90% over the past several years:

2015: 96.8%2014: 96.3%2013: 95.4%

Assuming the same patient days, the additional bed would have reduced the 2015 occupancy rate from 96.8% to 95.8%.

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

Not all nursing homes in Carter County are operating at 90% occupancy. There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of

existing facilities.

A table reflecting the utilization of nursing homes in Carter County is attached as <u>Attachment B. Need, 4</u>.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

Ivy Hall has maintained an occupancy rate of greater than 90% over the past several years:

2015: 96.8%2014: 96.3%2013: 95.4%

[END OF RESPONSES TO NURSING HOME STANDARDS AND CRITERIA]

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

N/A. Ivy Hall has no other long-range development plans.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. Attachment Section B - Need-3.

Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents (Admissions)	% of total admissions
Carter	81	85.3%
Washington	8	8.4%
Johnson	3	3.2%
Sullivan	2	2.1%
Union	1	1%
Total	95	100%

Service Area Counties	Projected Utilization-County Residents (Admissions)	% of total admissions
Carter	81	85.3%
Washington	8	8.4%
Johnson	3	3.2%
Sullivan	2	2.1%
Union	1	1%
Total	95	100%

of admissions to Ivy Hall are residents of Carter County.

A map of the service area is attached as Attachment B-Need-3.

A. 1) Describe the demographics of the population to be served by the proposal.

The demographics of the service area population are reflected in the table below.

2) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

The requested table with demographic data is attached as Attachment B, Need, 4A.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

<u>Disproportionate Senior Population.</u> Carter County has a greater percentage of residents 65+ (22%) than does the state as a whole (17%). This special need is addressed by this project in that the requested bed will be dually certified, thereby serving qualified Medicare enrollees. Of course residents who are 65+ and who are not qualified for Medicare reimbursement for nursing care will also be served.

<u>Disproportionate TennCare Population</u>. Carter County has a greater percentage of TennCare enrollees (23.8%) than does the state as a whole (22.8%). This special need is addressed by this project in that the requested bed will be dually certified, thereby serving qualified TennCare enrollees. Ivy Hall is a major provider to TennCare enrollees. In 2014, approximately 66% of lvy Hall's total days of care were provided to TennCare enrollees.

<u>Disproportionate Low Income Population</u>. Carter County has a greater percentage of residents below poverty level (23.5%) than does the state as a whole (17.8%). Similarly, Carter County has a lower median household income (\$32,754) than the state as a whole (\$44,621). The fact that Ivy Hall has a high TennCare patient mix (approximately 66%) demonstrates it is addressing this special need.

^{*} Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. The addition of only one bed should not threaten the financial viability of existing facilities, or result in any other significant negative impact. There are no unimplemented CONs for nursing home beds in Carter County.

A table reflecting the utilization of nursing homes in Carter County is attached as <u>Attachment B.</u> Need, 4.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

7. <u>Historical Utilization:</u>

2015: 34,833 days 96.8%

2014: 35,159 days 96.3%

2013: 35,322 days 95.4%

Projected Utilization:

Year 1: 35,945 days 97.5%

Year 2: 36,122 days 98%

Projected utilization was determined by looking at historical utilization and financial data and extrapolating to the first two years of the project. The growth rates utilized were 2% for Year 1 and 2.5% for Year 2.

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

A Project Cost Chart is included on the following page.

A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

The application fee is included on the Project Cost Chart.

B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

N/A.

C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

An entry for movable equipment is included on the Project Cost Chart.

D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

N/A. No construction or renovation is involved in this project.

- E. For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - 1) A general description of the project;
 - 2) An estimate of the cost to construct the project;
 - 3) A description of the status of the site's suitability for the proposed project; and
 - 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

N/A. No construction or renovation is involved in this project.

PROJECT COST CHART

45
Construction and equipment acquired by purchase:

7 1.	constituction and equipment acquired by purchas	·C.	
	Architectural and Engineering Fees		\$0.00
	2. Legal, Administrative, Consultant Fees	**	\$20,000.00
	3. Acquisition of Site		\$0.00
	4. Preparation of Site	949	\$0.00
	5. Total Construction Costs		\$0.00
	6. Contingency Fund		\$0.00
	7. Fixed Equipment (Not included in Construction Contract)	*	\$0.00
	Moveable Equipment (List all equipment over \$50,000.00)		\$2,500.00
	9. Other (Specify)		\$0.00
В.	Acquisition by gift donation, or lease:		
	Facility (Inclusive of building and land)		\$0.00
	2. Building Only		\$0.00
	3. Land Only		\$0.00
*	Equipment (Specify)	W 30	\$0.00
	5. Other (Specify)		\$0.00
C.	Financing Costs and Fees:	62	
	1. Interim Financing		\$0.00
	2. Underwriting Costs	80	\$0.00
	3. Reserve for One Year's Debt Service		\$0.00
	4. Other (Specify)	*	\$0.00
D.	Estimated Project Cost (A+B+C)	3	\$22,500.00
E.	CON Filing Fee		\$ 15,000.00
F.	Total Estimated Project Cost (D + E)	TOTAL	\$ 37,500.00

A.

2. Identify the funding sources for this project. 46 Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.) A. Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions; B. Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance; C. General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting; D. Grants – Notification of intent form for grant application or notice of grant award: Χ E. Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

F. Other – Identify and document funding from all other sources.

3. Complete Historical Data Charts on the following two pages—<u>Do not modify the Charts</u> <u>provided or submit Chart substitutions!</u>

A letter attesting to availability of funding is attached as Attachment B, Economic

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

A completed Historical Data Chart is attached following this page.

Feasibility, 2.

HISTORICAL DATA CHART 47

X Totalific am Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in all anuary

	Year: 2013	V 0044	
	TCUI. LOTO	Year: 2014	Year: 2015
A. Utilization/Occupancy Data (Specify unit of measure,			
e.g., 1,000 patient days, 500 visits) Patient days	34,833	35,159	35,322
B. Revenue from Services to Patients			
1. Inpatient Services	10,042,808	9,491,874	9,728,488
Outpatient Services	0	0,101,017	0,120,100
3. Emergency Services	0	0	0
Other Operating Revenue	46,704	22,270	31,539
Specify:	-		
Gross Operating Revenue	10,089,512	9,514,144	9,760,027
C. Deductions from Operating Revenue			
Contract Deductions	(2,056,137)	(1,863,909)	(1,700,759)
2. Provision for Charity Care	0	0	0
3. Provision for Bad Debt	(93,636)	(58,983)	(17,361)
Total Deductions	(2,149,773)	(1,922,892)	(1,718,120)
NET OPERATING REVENUE	7,939,739	7,591,252	8,041,907
			0,011,001
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	2,224,533	2,220,423	2,234,164
b. Non-Patient Care	1,285,253	1,199,030	1,024,073
Physicians' Salaries and Wages	0	0	0
3. Supplies	1,042,092	945,242	868,260
4. Rent			
a. Paid to Affiliates	37,692	37,692	37,692
b. Paid to Non-Affiliates	51,705	52,935	59,820
5. Management Fees:			
a. Fees to Affiliates	0_	0	0
b. Fees to Non-Alffiliates	657,415	553,277	548,091
6. Other Operating Expenses	1,931,980	1,882,700	1,711,096
Total Operating Expenses	7,230,670	6,891,299	6,483,196
E. Earnings Before Interest, Taxes, and Depreciation	709,069	699,953	1,558,711
F. Non-Operating Expenses	070.000	222 722	470 700
1. Taxes	273,029	333,799	478,782
2. Depreciation	382,697	377,593	382,558
3. Interest	346,118	339,407	333,874
Other Non-Operating Expenses Tatal Nam Operation Expenses	17,751	27,567	28,547
Total Non-Operating Expenses	1,019,595	1,078,366	1,223,761
NET INCOME (LOSS) G. Other Deductions	(310,526)	(378,413)	334,950
G. Other Deductions 1. Annual Principal Debt Repayment	96,679	110,859	113,869
Annual Principal Debt Repayment Annual Capital Expediture			
2. Annual Capital Expediture Other Total Deductions	254,893 351,572	123,769 234,628	55,357 169,226
other rotal betactions		204,020	105,220
NET BALANCE	(662,098)	(613,041)	165,724
DEPRECIATION	382,697	377,593	382,558
FREE CASH FLOW (Net Blance + Depreciation)	(279,401)	(235,448)	548,282

Uctober 25, 2016

11:09 am

HISTORICAL DATA CHART -- OTHER EXPENSES

X Total Facility
Project Only

OTHER EXPENSE CATEGORY	Year: 2013	Year: 2014	Year: 2015	Year: 2014	Year: 2015
OTHER EXPENSE CATEGORY 1. Professional Services Contracts 2. Contract Labor 3. Insurance 4. Education 5. Phone 6. Vehicle Expense 7. Travel & Meals 8. Outing & Special events 9. Payroll Taxes 10. Dues & Subs 11. Advertising - Staff 12. Marketing 13. Patient Memorials 14. Penalties / Late Charges 15. Bank Service Charge 16. Donations	Year: 2013	Year: 2014	Year: 2015 981,625 94,502 312,425 2,883 13,436 12,646 1,634 2,440 271,087 35,040 3,345 4,786 1,712 72 1,029 800	Year: 2014 864,901 115,286 346,269 2,769 15,679 13,917 2,518 2,064 255,027 36,524 2,913 4,275 1,515 129 1,511 1,364	Year: 2015 730,352 58,926 348,010 3,545 14,091 11,841 1,664 2,389 260,005 44,007 8,985 5,093 1,527 705 1,603 500
17. Utilities 18. Employee Relations Total			180,038 12,480 1,931,980	201,095 14,944 1,882,700	200,914 16,939 1,711,096

PROJECTED DATA CHART -- OTHER REVENUE

OTHER REVENUE CATEGORY

1. Employee & Guest Meals	3,514	3,902	5,102
2. Interest Income	297	1,197	389
3. Cable TV & Phone	4,927	5,508	6,872
4. Gain/Loss Asset Disposal	0	(716)	0
5. Miscellaneous Income	\$ ∞ 61	2,483	384
6. Beauty & Barber Income	7,970	9,093	10,196
7. Bad Debt Recovery	9,052	802	7,597
8. Insurance Claim Proceeds	19,403	0	1,000
9. Private Room Differential Charges	1,480	0	0
TOTAL OTHER REVENUE CATEGORY	46,704	22,269	31,540

provided or submit Chart substitutions!

49

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only (i.e.,* if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

A completed Projected Data Chart is attached following this page. The Chart is for the entire facility; preparing a Projected Data Chart for only one bed is not practical.

October 25, 2016

PROJECTED DATA CHARP

PROJECTED DATA CHAR?

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Project Only
Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

3	(,	Year: 2017	Year: 2018
A.	Utilization/Occupancy Data (Specify unit of measure,		
В	e.g., 1,000 patient days, 500 visits) Patient days	35945	36122
B.	Revenue from Services to Patients		
	1 Innationt Convices	0.000.00	0.050.400
	Inpatient Services Outpatient Services	9,802,385	9,850,436
	Surpation dervices Emergency Services	0	0
	Other Operating Revenue	27,443	27,577
	Specify: See Attached	27,445	21,011
	Gross Operating Revenue	9,829,828	9,878,013
	O. Coo Operating November	0,020,020	3,010,013
C,	Deductions from Operating Revenue		
	Contract Deductions	1,817,981	1,826,892
	Provision for Charity Care	0	1,020,092
	Provision for Bad Debt	38,935	39,126
	Total Deductions	1,856,916	1,866,018
	Total Boddonolio	1,000,010	1,000,010
NET OPER	RATING REVENUE	7,972,912	8,011,995
D.	Operating Expenses		
	Salaries and Wages	0	0
	a. Direct Patient Care	2,271,839	2,282,976
	b. Non-Patient Care	1,133,783	1,139,340
	2. Physicians' Salaries and Wages	0	0
	3. Supplies	924,886	929,420
	4. Rent	0	0
	a. Paid to Affiliates	38,446	38,634
	b. Paid to Non-Affiliates	57,505	57,787
	5. Management Fees:	0	0
	a. Fees to Affiliates	0	0
	b. Fees to Non-Alffiliates	561,698	564,451
	Other Operating Expenses	1,832,836	1,841,820
_	Total Operating Expenses	6,820,993	6,854,428
E.	Earnings Before Interest, Taxes, and Depreciation	1,151,919	1,157,567
F.	Non-Operating Expenses		
	1. Taxes	414,416	416,448
	2. Depreciation	387,677	378,577
	3. Interest	343,373	345,057
	4. Other Non-Operating Expenses	28,618	28,758
NET INCO	Total Non-Operating Expenses	1,174,084	1,168,840
	ME (LOSS) Other Deductions	(22,165)	(11,273)
G.	Stimated Annual Principal Debt Repayment	444 644	445 470
		114,611	115,173
	Annual Capital Expediture Other Total Deductions	91,354	91,802
	Other Total Deductions	205,965	206,975
	NET BALANCE	(228,130)	(218,248)
	DEPRECIATION	387,677	389,577
	FREE CASH FLOW (Net Blance + Depreciation)		171,329
	Lott (Het Diane - Depresiation)	159,547_	171,328

PROJECTED DATA CHART -- OTHER EXPENSES

X Total Facility
Project Only

OTHER EXPENSE CATEGORY	YeaYear: 2017	Year: 2018
1. Professional Services 2. Contract Labor 3. Insurance 4. Education 5. Phone 6. Vehicle Expense 7. Travel & Meals 8. Outing & Special Events 9. Payroll Taxes 10.Dues & Subs 11.Advertising - Staff 12.Marketing 13.Patient Memorials 14.Penalties / Late Charges 15.Bank Service Charges	813,579 88,848 354,082 3,220 15,183 13,137 2,133 2,271 262,666 41,071 6,068 4,778 1,551 425	Year: 2018 817,567 89,284 355,818 3,236 15,257 13,201 2,143 2,282 263,954 41,272 6,098 4,801 1,559 427
16.Donations	1,588 951	1,596
17.Utilities 18.Employee Relations	205,025	955 206,030
TOTAL OTHER EXPENSE CATEGORY	16,260 1,832,836	16,340 1,841,820

PROJECTED DATA CHART -- OTHER REVENUE

OTHER REVENUE CATEGORY

 Employee & Guest Meals Interest Income Cable TV & Phone Gain/Loss Asset Disposal Miscellaneous Income Beauty & Barber Income Bad Debt Recovery TOTAL OTHER REVENUE CATEGORY	4,000 1,300 5,843 1,000 3,500 9,300 2,500 27,443	4,100 1,300 5,877 1,000 3,500 9,300 2,500 27,577
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5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year (Ann. YTD 8/31/16)	Year One	Year Two	% Change (2015 to Year 2)*
Gross Charge (Gross Operating Revenue/Utilization Data)	\$276.32 per pt. day	\$284.79 per pt. day	\$273.47 per pt. day	\$273.46 per pt. day	-2.9%
Deduction from Revenue (Total Deductions/Utilization Data)	\$48.64 per pt. day	\$49.81 per pt. day	\$51.66 per pt. day	\$51.66 per pt. day	3%
Average Net Charge (Net Operating Revenue/Utilization Data)	\$226.91 per pt. day	\$234.98 per pt. day	\$221.81 per pt. day	\$221.80 per pt. day	-5.1%

^{*}Because the current year financials are annualized numbers, they are not going to be as accurate as a full previous year's. Therefore, the comparison in column six is based on the change between 2015 and Year 1.

The financial projections take into account historical fluctuations in expenses. For this reason, it was assumed there would be similar fluctuations in the future. So the decline in projected gross and net charges in Year 2 over those in 2015, as reflected in the table, have nothing to do with the one additional bed.

B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Room & Board Rates:

Semi-private Room

\$200.00

Private Room

\$220.00

These are the current rates. This project will not result in any rate increase. Anticipated revenues for the entire facility are reflected on the Projected Data Chart. It is not practical to prepare a Projected Data Chart for only one bed.

C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

day for other facilities, taken from the 2014 Joint Annual Reports, is reflected below.

Facility	Patient revenue per patient day
Hermitage Health Center	\$248.93
Hillview Health Center	\$299.91
Life Care Center of Elizabethton	\$207.42
Pine Ridge Care and Rehabilitation	\$216.15
Roane Highlands Nursing Center	\$222.17

A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-6A. NOTE: Publicly held entities only need to reference their SEC filings.

As reflected in the Projected Data Chart, the project will be profitable from the outset.

A copy of the most recent audited financial statements is attached as <u>Attachment Section B-Economic Feasibility-6A</u>.

B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	.0922	.19382	.1839	.14447	.14447

debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

From 2015 Audited Balance Sheet	
Long Term Debt:	
Mortgage Payable	\$5,382,818
Note Payable	\$46,254
Total Long Term Debt	\$5,429,072
Total Stockholders' Equity	(\$1,327,259)
Capitalization Ratio	132.36%

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,597,632.00	26.5%
TennCare/Medicaid	\$5,077,635.00	51.8%
Commercial/Other Managed Care	\$548,993.00	5.7%
Self-Pay	\$519,526.00	5.3%
Charity Care	\$.00	0%
Other (Specify) Hospice & VA	\$1,058,599.00	10.7%
Total	\$9,802,385.00	100%

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to

Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2016)	Projected FTEs Year 1	Average Wage (Hourly Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care				
Positions				
Nursing Adm.				
Nurses	3.27	3.27	\$29.21	\$28.41
RN	4.31	4.31	\$29.72	\$28.41
LPN	15.52	15.52	\$20.65	\$18.33
CNA	42.78	42.78	\$12.53	\$11.20
Total Direct Patient				
Care Positions	65.88	65.88		

B.	Non-Patient Care Positions				
	Administrator/Asst.	2.24	2.24	\$88.12	
	Adm. Office	2.42	2.42	\$21.17	
	Dietary	9.69	9.69	\$11.67	
	Housekeeping	8.74	8.74	\$9.54	
	Laundry	2.98	2.98	\$9.28	
	Unit Clerk	.51	.51	\$7.32	
	Medical Records	1.06	1.06	\$17.90	
	Maintenance	3.53	3.53	\$14.64	
	Activities/Chaplain	2.65	2.65	\$13.81	
	Social/Marketing/ Admissions	2.64	2.64	\$21.13	· 200
	Total Non-Patient Care Positions	36.46	36.46		
	Total Employees (A+B)	102.34	102.34		
C.	Contractual Staff	5.9	Not Available		
	Total Staff (A+B+C)	108.24			

- 9. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

No such alternatives were identified. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another

geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

N/A. No construction is involved in this project.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

A list of all vendors of lvy Hall is attached as Attachment Section B-Orderly Development-1.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

A. Positive Effects

The positive effect the project will have is making one more bed available at Ivy Hall, which is the nursing home of choice to consumers in the service area, as evidenced by its high occupancy rates. Ivy Hall consistently operates at or near its licensed bed capacity.

While the addition of one bed will not provide much relief or improvement as far as the occupancy rate, it will provide some additional capacity. Moreover, there is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

B. Negative Effects

The addition of only one bed to the service area should not threaten the financial viability of existing facilities, or result in any other significant negative impact. The one additional bed represents only 0.17% of the current inventory of 574 licensed beds in the service area.

proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

No additional staff will be required as a result of this project. Ivy Hall will continue to meet or exceed the required staffing ratios and other requirements of the Tennessee Department of Health and the Joint Commission.

as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The ownership and management of Ivy Hall are experienced health care professionals in the field of long term care and are very familiar with all relevant laws, regulations and policies.

C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Ivy Hall has conducted the following C.N.A. classes YTD 2016::

2/22/16	to	3/25/16
5/9/16	to	6/24/16
7/27/16	to	8/31/16

In addition, Ivy Hall has conducted, or is scheduled to conduct, 34 sessions of in-service training for its staff in 2016.

5. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Tennessee Department of Health, Board for Licensing Health Care Facilities

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Skilled Nursing Facility

Accreditation (i.e., Joint Commission, CARF, etc.): The Joint Commission

A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

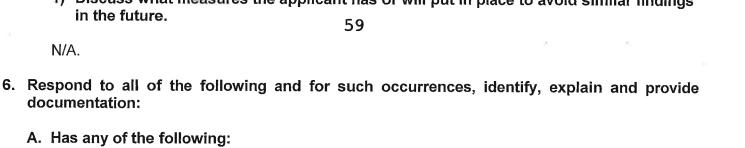
lvy Hall is in good standing with both the licensing and accrediting authorities. Copies of the license and accreditation certificate are attached as <u>Attachment Section B-Orderly Development-5A.</u>

B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

A copy is attached as Attachment Section B-Orderly Development-5B.

C. Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

None.



1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the

2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant)

3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership

applicant (to include any entity in the chain of ownership for applicant):

2) Criminal fines in cases involving a Federal or State health care offense;

3) Civil monetary penalties in cases involving a Federal or State health care offense;

4) Administrative monetary penalties in cases involving a Federal or State health care

5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and

6) Suspension or termination of participation in Medicare or Medicaid/TennCare

has an ownership interest of more than 5%; and/or

1) Final Order or Judgment in a state licensure action:

interest of more than 5%.

B. Been subjected to any of the following:

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No

No

· No

No

No

No

programs.

offense:

services; and/or

.,	criminal action of which you are aware 60
	No
8)	Is presently subject to a corporate integrity agreement

6. Outstanding Projects:

No

A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

N/A.

		Outstanding P	rojects				
001111		Date	*Annual Pr	Expiration			
CON Number	Project Name	Approved	<u>Due Date</u>	Date Filed	Date		
36.24	N E	18 6		14.74	8.91		
	S			202	2 (2)		

^{*} Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

B. Provide a brief description of the current progress, and status of each applicable outstanding CON.

N/A.

- applicant.
 - A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

No

B. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

N/A.

C. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

N/A.

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant so verifies.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the <u>5 Principles for Achieving Better Health</u> found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

lvy Hall Nursing Home has been providing high quality skilled nursing care to the service area for approximately 50 years. It has improved the health of countless individuals and will continue to do so.

2. People in Tennessee should have access to health care and the conditions to achieve optimal health.

lvy Hall is accessible to all individuals in need of skilled nursing care. The additional bed requested in this application will improve access to care by making one more bed available.

3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

HF-000000 Revised 7/22/2016 28135518 v1

The addition of one bed will at least slightly improve access to care for those needing a skilled nursing bed, and who choose lvy Hall as their provider of choice. There is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

Ivy Hall is in good standing with the TDOH and the Joint Commission. Ivy Hall had no serious deficiencies on its most recent survey in May of 2016. Ivy Hall has a 4 star (out of 5) rating on the CMS Nursing Home Compare web site. It is a consistently high quality long term care provider.

5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

No additional staffing is required by this project.

HOOF OF FOREIGHTION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

A Publisher's Affidavit has been requested and will be submitted with the Supplemental Responses.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

N/A.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

A Project Completion Forecast Chart is attached following this page.

2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

N/A. No extension is requested.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	<u>Days</u> <u>Required</u>	Anticipated Date [Month/Year]
Initial HSDA decision date		February, 2017
Architectural and engineering contract signed		
Construction documents approved by the Tennessee Department of Health		
Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy		
11. *İssuance of License	30	March, 2017
12. *Issuance of Service	30	March, 2017
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)		

^{*}For projects that <u>DO NOT</u> involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

65 LIST OF ATTACHMENTS

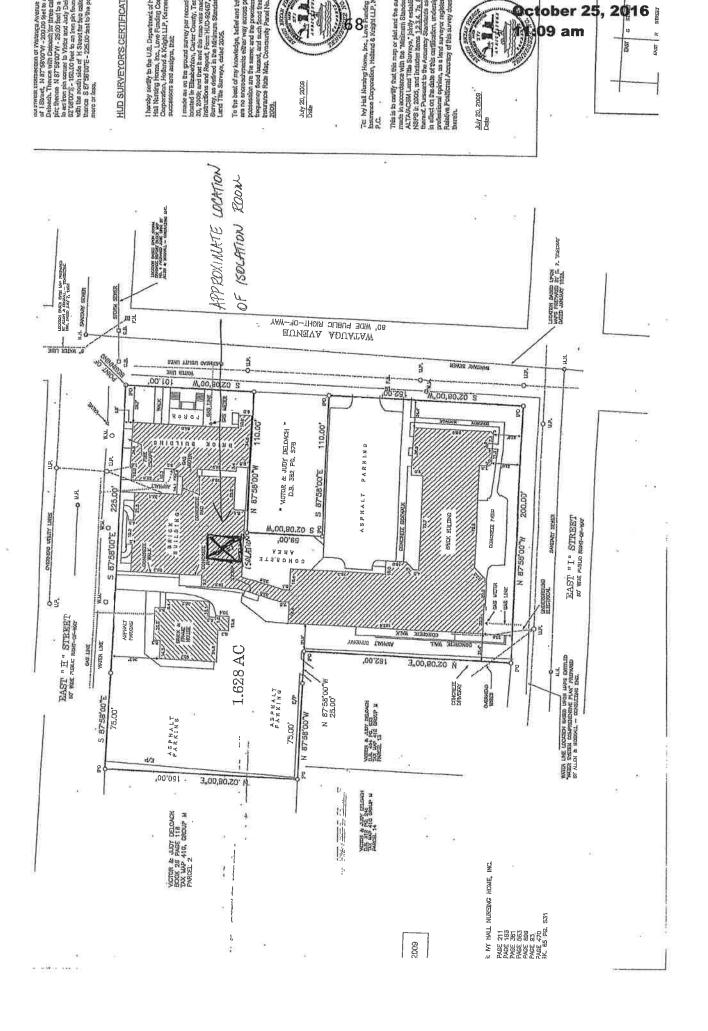
Ivy Hall Nursing Home CON Application

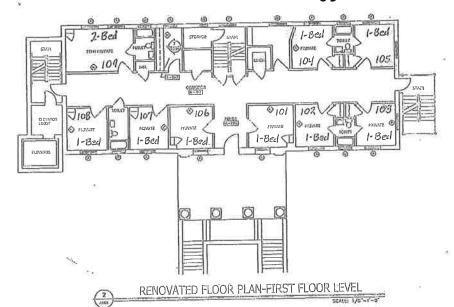
Corporate Documentation	Attachment Section A-4A-1
Corporate Ownership Chart	Attachment Section A-4A-2
Management Agreement	Attachment Section A-5
Deeds	Attachment Section A-6A
Plot Plan	Attachment Section A-6B-1
Floor plan	Attachment Section A-6B-2
Bed Need Formula Calculations	Attachment Section B-Need-1
Map of the Service Area	Attachment Section B-Need-3
Carter County Nursing Homes Utilization D	ata <u>Attachment Section B, Need, 4</u>
Population and Demographics Data	Attachment Section B, Need, 4A
Funding Letter	Attachment Section B, Economic Feasibility, 2
Financial Statements	Attachment Section B-Economic Feasibility-6A
Vendors List	Attachment Section B-Orderly Development-1
License and Accreditation Certificate	Attachment Section B-Orderly Development-5A
Survey and Corrective Action Plan	Attachment Section B-Orderly Development-5B

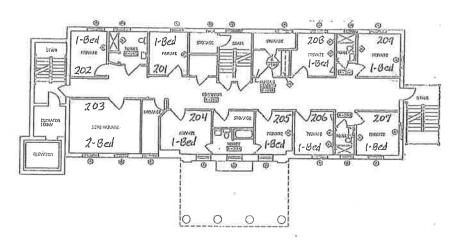
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PAGE 193
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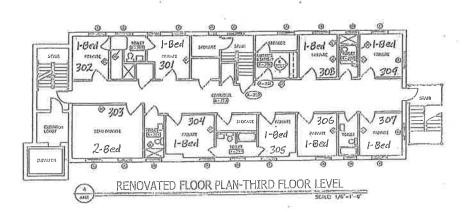
Attachment Section A-6B-1



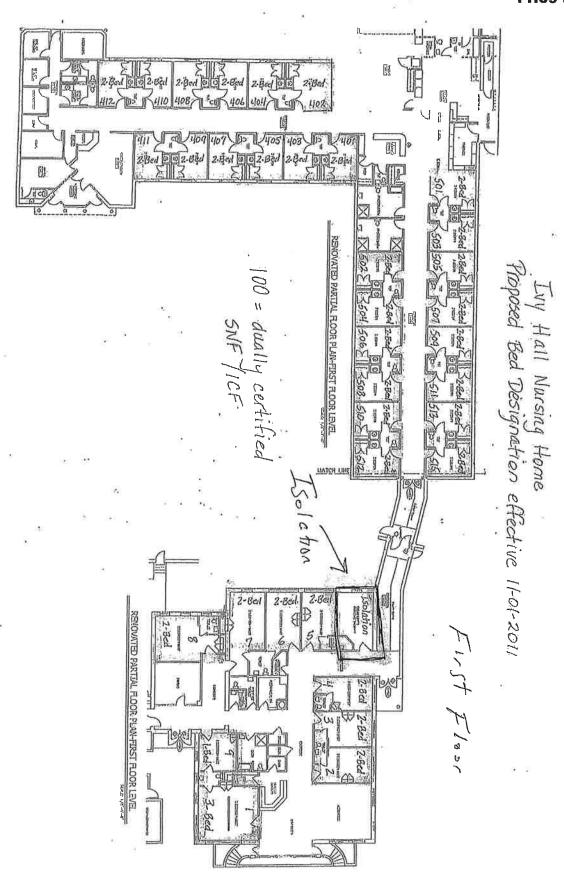




RENOVATED FLOOR PLAN-SECOND FLOOR LEVEL



Ivy Hall Nursing Home Proposed Bed Designation effective 11-01-2011



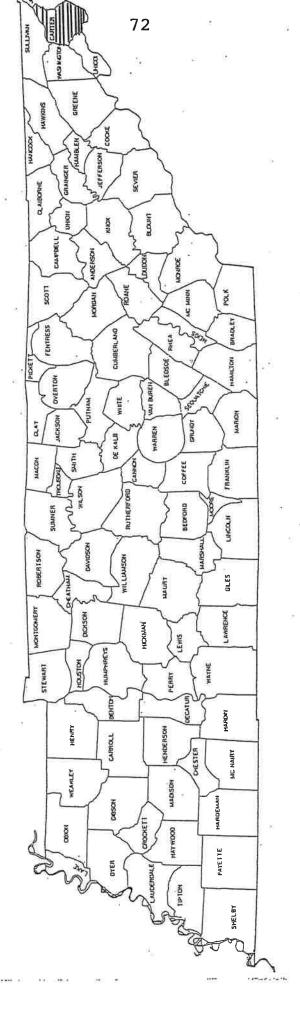
NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS, BY COUNTY AND STATE TOTAL, 2018 (Based on 2015 UTCBER Projection Series*)

BED	178	297	214	85	89	161	029	302	596	492	1,533	175	139	879	5,488	151	127	1,696	1,293	409	61	216	150	52	349	1,174	156	318	281	1,323	606		
TOTAL POP	23,848	31,625	23,885	8,362	5,237	17,627	81,972	34,582	55,990	76,231	337,990	23,058	16,399	104,829	970,212	20,534	14,210	159,393	184,532	69,239	8,564	19,003	20,124	5,668	41,167	137,400	17,551	36,300	28,037	225,526	133,865		
COUNTY	MORGAN	OBION	OVERTON	PERRY	PICKETT	POLK	PUTNAM	RHEA	ROANE	ROBERTSON	RUTHERFORD	SCOTT	SEQUATCHIE	SEVIER	SHELBY	SMITH	STEWART	SULLIVAN	SUMNER	LIPTON	TROUSDALE	ONICOI	NOINO	VAN BUREN	WARREN	WASHINGTON	WAYNE	WEAKLEY	WHITE	WILLIAMSON	MILSON		
BED NEED	589	3,048	64	212	279	547	143	238	360	207	87.	181	118	502	178	3,465	09	187	396	127	319	686	526	255	184	803	253	246	681	109	447	884	71
TOTAL POP	66,195	362,471	6,981	27,284	26,680	59,311	18,274	29,836	33,771	26,876	9,014	19,090	12,251	57,073	18,952	477,780	8,441	28,930	43,518	12,912	35,104	56,118	55,100	27,486	23,838	104,799	28,627	33,885	999'06	12,345	49,048	211,602	6,923
COUNTY	HAMBLEN	HAMILTON	HANCOCK	HARDEMAN	HARDIN	HAWKINS	HAYWOOD	HENDERSON	HENRY	HICKMAN	HOUSTON	HUMPHREYS	JACKSON	JEFFERSON	NOSNHOP	KNOX	LAKE	LAUDERDALE	LAWRENCE	LEWIS	LINCOLN	NOGNOT	MCMINN	MCNAIRY	MACON	MADISON	MARION	MARSHALL	MAURY	MEIGS	MONROE	MONTGOMERY	MOORE
BED	51,598	21 m 2 m 2 m 2 m 2 m 2 m 2 m 2 m 2 m 2 m	802	352	179	115	1,242	850	382	134	282	999	255	158	297	88	340	493	141	927	3,799	144	172	400	315	381	174	414	478	277	210	208	129
TOTAL POP	6,962,031		78,387	51,672	16,711	13,394	136,505	107,651	41,654	14,658	28,298	58,274	41,269	18,633	34,263	7,876	37,335	56,909	14,982	63,778	698,061	12,029	19,936	54,959	39,607	46,608	19,082	42,395	51,934	29,787	24,244	73,620	13,379
COUNTY	STATE		ANDERSON	BEDFORD	BENTON	BLEDSOE	BLOUNT	BRADLEY	CAMPBELL	CANNON	CARROLL	CARTER	CHEATHAM	CHESTER	CLAIBORNE	CLAY	COCKE	COFFEE	CROCKETT	CUMBERLAN	DAVIDSON	DECATUR	DEKALB	DICKSON	DYER	FAYETTE	FENTRESS	FRANKLIN	GIBSON	GILES	GRAINGER	GREENE	GRUNDY

PREPARED BY: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT

Dec 2015

*Projections Data Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment. Note: These data will not match the University of Tennessee Data exactly due to rounding.



Total Medicare Level Nedicare Level Nedicare Care of Care																
Nursing Home Name Faces Coloning SNF Backs Days Care							SNF/NF		Licensed	NF - ADC			TennCare	Total		Total
Hamilage Health Center Total Days Careginary Medicare Careginary Careginary Careginary Medicare Careginary Careginary Careginary Medicare Careginary Careginary Careginary Medicare Careginary Medicare Careginary Care			Total						Only Beds	(Medicaid/			Level	Level	Medicare	Level II
Heimitage Heatth Center To 22,537 98,2% 154 100 100 100 100 100 100 115 115 115 115	County	Nursing Home Name	Licensed	MASS OF	Licensed	SNF Beds Medicare	DETECTION.	NF Beds -	Non- Certified	Level I Only)			Days of Care	Days of Care	Total Days of Care	Days of Care
Hillyleav Health Center 75 25 51 51 52 51 52 51 52 51 52 52	Carter	Hermitage Health Center	70	22.527	88.7%		20		C	C	7	<u>г</u>	C	18 548		2 070
Nursing Home Name Fig. 55 55 55 55 55 55 55 55	Carter	Hillview Health Center	76	25 315	01.3%		76		o C	2 6	- 6	5 5	70070			0.0.0
Variation of the Care Central Care Day 141 No. 175 August 1			- !	20,02						ò	77	1	15,540		601,	700'
Free Hogge Care and Rehabilitation 154	Carter	lvy Hall Nursing Home	100	35,159			100		0	0	15	81	0	29,625	5,532	5,534
Part Rigge Care and Rehabilitation Part Rigge Rigge Care and Rehabilitation Par	Carter	Life Care Center of Elizabethton	154	36,817	65.5%		0	0	0	0	20	76	0	27.733	7.259	9.084
Principal Planting Pomping Control 17 17 18 18 18 18 18 18	Carter	Pine Ridge Care and Rehabilitation	94	28,659	83.5%		94		0	54	16	62	19.737		5,935	6.079
Carter County TOTAL Carter County Nursing Home Utilization - 2013 STAGE	Carter	Roan Highlands Nursing Center	80	26,370	90.3%		80		0	0	16	54	0			6 754
Total Nursing Home Name Peets Carter Country Nursing Home Utilization - 2013 SNRNF Licensed NF - MC SNRNF Licensed NF - MC Carter Only Beds (Medicard) SNR Carter Only Medicare Carter Only Medicare Carter Only Medicare Carter Carter Only Medicare Carter Carter Only Medicare Carter Only Medicare Carter Carter Only Medicare Carter Carter Only Medicare Carter Carter Carter Only Medicare Carter Car	Carter	COUNTY TOTAL	574	174,847	83.5%	Second	420	MADE: 28	0	91	86	373	33,077	136,065		38,782
Nursing Home Name Beds Only Beds (Medicare Name Name Beds Only Beds (Medicare Only Beds (Medicare Name Name Beds Only Beds (Medicare Only Beds (Medicare Name Name Beds Occupancy Medicare Only Beds (Medicare Only Beds (Medicare Name Name Beds Occupancy Medicare Only Beds (Medicare Only Vel IIADC (Total) Only					J	Sarter Cour	ty Nursing	g Home Util	ization - 20	113						
Total Beds Coupang							CNIENT		Same and the	200			Medicald/			
Nursing Home Name Election of Care Occupancy Medicare Certified Medicare Certified Medicare Certified Medicare Certified Medicare Certified Medicare Certified Conty Medicare Certified Medicare Certified Conty Medicare Certified Medicare Certified Conty Medicare Certified Medicare Certified Medicare Certified Medicare Certified Medicare Certified Medicare Certified Conty			Total				Bode		Delv Bode	Madiopid/	SWF	A THE STREET	enncare	lotai		rotal
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Hermitage Heatth Center	County	Nursing Home Name	Beds	of Care	Occupancy	Medicare	Certified	Medicaid	Certified	Cevel I	wedicare/Le	(Total)	Days or	Care	of Care	Care
Hillview Health Center 76 22,400 80.7% 154 0.0 10 10 17 17 44 404 1524 0.0 10 10 10 11 17 17 44 404 1524 0.0 10 10 11 17 17 44 404 1524 0.0 10 10 11 11 17 17 44 404 1524 0.0 10 10 11 11 11 11 17 44 404 1524 0.0 10 10 11 11 11 11 11 11 11 11 11 11 11	Carter	Hermitage Health Center	70	24.065	94.2%	0	70	0	c	C	1	, K		20.098	3 967	7 967
Vivi Hall Nursing Home	Carter	Hillview Health Center	76	22,400	80.7%		76		0	_	17	44	404	18 241	6 103	6 159
Life Care Center Of Elizabethton 154 39,076 695.5% 154 0 0 0 0 0 0 0 0 0	Carter	Ivv Hall Nursing Home	100	34.833	95.4%		100			. C	. 7	. «		24 964	7 831	0880
Pine Ridge Care & Rehabilitation 94 33,569 97,8% 0 94 0 0 64 16 74 23,389 27,034 5,684 5,684	Carter	Life Care Center Of Elizabethton	154	39,076	69.5%		0		0	000	17	0 00	2 992	31,998	6326	7.078
Roan Highlands Nursing Center 80 26,521 90.8% 90 8 0 0 0 13 58 20,705 141,513 34,740 2 90 173 58 26,705 141,513 34,740 2 90 173 58 26,705 141,513 34,740 2 90 174	Carter	Pine Ridge Care & Rehabilitation	94	33,569	97.8%		94		C	64	. 4	74	23,369	27.084	5,010	6.485
COUNTY TOTAL 574 180,464 86.1% 154 420 0 73 95 388 26,765 141,513 34,740 3	Carter	Roan Highlands Nursing Center	80	26,521	80.8%		80		0	0	1 . 6	28	0	21,128	4.829	5,393
Total Beds	Carter	COUNTY TOTAL	574	180,464	86.1%		420	NAME OF TAXABLE PARTY.	0	73	98	388	26.765	141,513	34.740	38.951
Total Eads Licensed SNF Beds Non- Level II NF-ADC Licensed Days of Total Days of Tot					J	Sarter Cour	fy Nursing	g Home Util	ization - 20	112						
Yoursing Home Name Edgs Only Beds (Medicated) Medicated Only Beds Medicated					SNF/NF		Licensed	NF - ADC	SNF			Medicaid/ TennCare	Total		Total	
y Nursing Home Name Licensed SNF Beds Dually NF Beds Non- Level II Level II NF-ADC Licensed Days of Total Days of T			Total		Beds -		Only Beds	(Medicaid/	Medicare/			Levell	Level	Medicare	Level II	
y Nursing Home Name Beds Medicare Certified Medicare Certified Medicare Certified Medicare Certified Occupancy Care Of			Licensed	SNF Beds	Dually	NF Beds -	Non-	Level	Level II	NF - ADC	Licensed	Days of		Total Days		Total Days
Hermitage Health Center 70 0 70 0 0 0 10 50 86.1% 0 18.759 3,730	Sounty	Nursing Home Name	Beds	Medicare	Certified	Medicaid	Certified	Only)	ADC	(Total)	Occupancy	Care		of Care		of Care
Hillview Health Center 56 0 56 0 0 0 9 44 94.9% 0 15,928 3,423 3,469 by Hall Nursing Home 100 0 100 0 18 66 97.2% 0 24,335 6,450 11,154 Life Care Center of Elizabethton 154 154 0 0 0 0 20 96 77.0% 0 35,310 7,262 7,977 Pine Ridge Care and Rehabilitation 94 0 0 55 17 66 90.4% 20,288 24,281 6,069 6,749 Roan Highlands Nursing Center 80 0 80 0 0 14 52 94.1% 0 19,033 5,039 8,450 COUNTY TOTAL 554 154 400 0 65 87 375 88.4% 20,288 137.163 31,973 41,529 1	Sarter	Hermitage Health Center	70	0	70	0	0	0	10	50	86.1%		18,276	3,730	3,730	22,006
lvy Hall Nursing Home 100 0 100 0 0 0 18 66 97.2% 0 24,335 6,450 11,154 Life Care Center of Elizabethton 154 154 0 0 0 0 20 96 77.0% 0 35,310 7,262 7,977 Pine Ridge Care and Rehabilitation 94 0 0 55 17 66 90.4% 20,288 24,281 6,069 6,749 Roan Highlands Nursing Center 80 0 0 0 14 52 94.1% 0 19,033 5,039 8,450 COUNTY TOTAL 554 154 400 0 65 87 375 88.4% 20,288 137.163 31,973 41,529 1	Sarter	Hillview Health Center	56	0	56		0	0	o	44	94.9%	0	15,928	3,423	3,469	19,397
Life Care Center of Elizabethton 154 154 0 0 0 0 20 96 77.0% 0 35,310 7,282 7,977 Pine Ridge Care and Rehabilitation 94 0 0 55 17 66 90.4% 20,288 24,281 6,089 6,749 Roan Highlands Nursing Center 80 0 80 0 0 14 52 94.1% 0 19,033 5,039 8,450 COUNTY TOTAL 554 154 400 0 6 55 87 375 88.4% 20.288 137.163 31.973 41.529 1	Sarter	lvy Hall Nursing Home	100	0	100		0	0	18	99	97.2%	0	24,335	6,450	11,154	35,489
Pine Ridge Care and Rehabilitation 94 0 0 55 17 66 90,4% 20,288 24,281 6,089 6,749 Roan Highlands Nursing Center 80 0 0 0 0 14 52 94.1% 0 19,033 5,039 8,450 COUNTY TOTAL 554 154 400 0 0 55 87 375 88.4% 20,288 137.163 31,973 41,529 1	Carter	Life Care Center of Elizabethton	154	154	0		0	0	20	96	77.0%	0	35,310	7,262	7,977	43,287
Roan Highlands Nursing Center 80 0 0 0 0 14 52 94.1% 0 19,033 5,039 8,450 COUNTY TOTAL 554 154 400 0 65 87 375 88.4% 20.288 137.163 31.529 1,529 1	Sarter	Pine Ridge Care and Rehabilitation	94	0	94		0	55	17	99	90,4%	20,288	24.281	690'9	6.749	31.030
_COUNTY TOTAL 554 154 400 0 0 55 87 375 88.4% 20.288 137.163 31.973 41.529 1	Sarter	Roan Highlands Nursing Center	80	0	80		0	0	4	52	94.1%		19,033	5,039	8,450	27.483
	Sarter	_COUNTY TOTAL	554	154	400		-	44	24	275	700 407	000	404 400			

		Depai	rtment of	f Health/Hea	Department of Health/Health Statistics	y s			Bureau of the Census	the Cens	sns	TennCare	Sare
Demographic Variable/Geographic Area	Total Population- Current Year	Total Population- Projected Year	Total Population- % Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	əgA nsibəM	Median Household Income	Person Below	Person Below Poverty Level as % of Total	ensOnneT seellorn∃	fennCare fo % as seallorn∃ lstoT
Carter County	58,139	58,274	0.2%	12,124	12,830	0.2%	22%	43.2	\$32,754	A/A	23.5%	13,811	23.8%
Service Area Total	58,139	58,274	0.2%	12,124	12,830	0.2%	22%	43.2	\$32,754	N/A	23.5%	13,811	23.8%
State of TN Total	6,812,005	6,962,031	16%	1,091,516	1,175,143	7.7%	16.9%	38.3	\$44,621	N/A	17.8%	1,553,726	22.8%



CARE CENTERS MANAGEMENT CONSULTING, INC.

2020 Northpark, Suite 2D • Johnson City, TN 37604 • Ph (423) 975-5455

September 09, 2016

Tennessee Health Services and Development Agency 502 Deaderick Street Andrew Jackson Building Ninth Floor Nashville, TN 37243

Re:

Ivy Hall, Inc., d/b/a Ivy Hall Nursing Home CON Application – 1 Licensed Bed

To Whom It May Concern:

I, Anita B. West, as Chief Financial Officer of Care Centers Management Consulting, Inc., contracted management / consulting firm for Ivy Hall, Inc., d/b/a Ivy Hall Nursing Home attest there are sufficient funds available, on hand to fund the requested project.

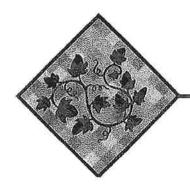
If you should have any questions regarding this matter, please feel free to contact me at the telephone number shown above.

Best Regards,

Anita B West

Chief Financial Officer

Care Centers Management Consulting, Inc.



Ivy Hall Nursing Home

"Once a Vision, Now Our Heritage"
Serving Our Community Since 1959

IVY HALL NURSING HOME, INC.

HUD PROJECT #087-43051 HUD PROJECT #087-10006

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2015 and 2014

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2015 and 2014

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 TABLE OF CONTENTS

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Supplementary Data Required by HUD		19
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors Ivy Hall Nursing Home, Inc. 301 Watauga Avenue Elizabethton, Tennessee 37643

Report on the Financial Statements

We have audited the accompanying financial statements of Ivy Hall Nursing Home, Inc. (the "Company"), HUD Projects #087-43051 and #087-10006, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of profit and loss and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Ivy Hall Nursing Home, Inc. Independent Auditors' Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ivy Hall Nursing Home, Inc., HUD Projects #087-43051 and #087-10006, as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 19-27 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements.

The accompanying supplementary information shown on pages 19-27 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 19-27 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated March 23, 2016, on our consideration of Ivy Hall Nursing Home, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ivy Hall Nursing Home, Inc.'s internal control over financial reporting and compliance.

BLACKBURN, CHILDERS & STEAGALL, PLC

Johnson City, Tennessee

March 23, 2016

FINANCIAL

STATEMENTS

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 BALANCE SHEETS December 31, 2015 and 2014

ASSETS	2015	2014
CLIDDENT ACCETS	2015	
CURRENT ASSETS Cash	\$ 468,501	368,891
Accounts Receivable - Net of Allowance	828,908	531,088
	41,236	127,665
Prepaid Expenses Restricted - Tax and Insurance Escrow	83,290	82,017
Vestilicien - Lax alin montance raciom	03,250	02,017
Total Current Assets	1,421,935	1,109,661
PROPERTY AND EQUIPMENT		
Land	335,630	335,630
Land Improvements	350,502	345,002
Less: Accumulated Depreciation	(215,399)	(184,880)
Leasehold Improvements	21,609	21,609
Less: Accumulated Depreciation	(18,189)	(16,235)
Buildings and Improvements	5,413,561	5,398,927
Less: Accumulated Depreciation	(3,365,663)	(3,106,920)
Equipment, Furniture and Fixtures	1,192,023	1,156,800
Less: Accumulated Depreciation	(934,839)	(874,956)
Vehicles	90,578	90,578
Less: Accumulated Depreciation	(40,134)	(19,117)
Equipment - Capital Lease	270,472	270,472
Less: Accumulated Depreciation	(189,615)	(171,819)
Total Property and Equipment	2,909,536	3,245,091
OTHER ASSETS		
Goodwill - Net of Accumulated Amortization	68,710	78,525
Loan Costs - Net of Accumulated Amortization	210,239	219,638
Restricted Cash	245,360	245,611
Patient Trust Fund	45,690	28,105
Deferred Tax Benefit	108,851	108,663
Total Other Assets	678,850	680,542
TOTAL ASSETS	\$ 5,010,321	5,035,294

(Continued)

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 BALANCE SHEETS December 31, 2015 and 2014

±1		
LIABILITIES AND STOCKHOLDERS' EQUITY	2015	2014
4115 S S S S S S S S S S S S S S S S S S	2015	2014
CURRENT LIABILITIES		
Accounts Payable	\$ 306,870	291,862
Trade		•
Other	52,061	51,306
Mortgage Payable, Current Portion	115,928	109,116
Note Payable, Current Portion	15,635	17,139
Line of Credit, Current Portion	200,000	450.000
Accrued Salaries and Wages	44,281	158,862
Accrued Payroll Taxes	4,547	13,407
Accrued Compensated Absences	111,316	118,469
Accrued Expenses	143,743	141,692
Total Current Liabilities	994,381	901,853
Com Can Sine Manuales	CHICAGO CONTRACTOR	****
NON CURRENT LIABILITIES		
Mortgage Payable - Net of Current Portion	5,266,890	5,382,819
Note Payable- Net of Current Portion	30,619	46,273
Patient Trust Fund	45,690	28,105
Total Non Current Liabilities	5,343,199	5,457,197
TOTAL LIABILITIES	6,337,580	6,359,050
v		
STOCKHOLDERS' EQUITY		
Common Stock (\$10 par value, 1,000 shares authorized,		
500 shares issued and outstanding)	5,000	5,000
Accumulated Deficit	(1,332,259)	(1,328,756)
Total Stockholders' Equity	(1,327,259)	(1,323,756)
TOTAL LIABILITIES AND		
STOCKHOLDERS' EQUITY	\$ 5,010,321	5,035,294
STOCKHOFDERS ECOLLI	7 0,010,011	5,555,551

The accompanying notes are an integral part of these financial statements.

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 STATEMENTS OF PROFIT AND LOSS For the Years Ended December 31, 2015 and 2014

	2015	2014
REVENUES		2072
Patient Services	\$ 9,728,488	9,484,864
Less: Contractual Adjustments	1,700,759	1,863,909
w.	8,027,729	7,620,955
Other Operating Income	31,151	28,799
Total Revenues	8,058,880	7,649,754
OPERATING EXPENSES		
Administrative and General	1,359,760	1,241,655
Dietary	447,903	473,221
Employee Benefits	812,271	788,280
Housekeeping	194,074	173,293
Laundry and Linen	67,785	73,409
Medical and Nursing	2,463,015	2,472,161
Ancillaries	263,821	268,651
Therapies	585,399	632,937
Plant Operations and Maintenance	526,486	477,472
Property Expense	168,741	172,458
Recreation Activities	71,693	70,502
Social Services	106,873	109,150
Interest	333,873	339,408
Total Operating Expenses	7,401,694	7,292,597
INCOME FROM OPERATIONS BEFORE		
DEPRECIATION AND AMORTIZATION EXPENSE		
AND MANAGEMENT FEES	657,186	357,157
Depreciation Expense	390,912	385,947
Amortization Expense	19,213	19,213
Management Consulting Fees	251,141	359,679
Income (Loss) from Operations	(4,080)	(407,682)
OTHER INCOME (EXPENSE)		
Loss on Disposal of Assets	· .	(716)
Interest income	389	1,197
merest moone		
Total Other Income (Expense)	389	481
INCOME (LOSS) BEFORE INCOME TAXES	(3,691)	(407,201)

(Continued)

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 STATEMENTS OF PROFIT AND LOSS For the Years Ended December 31, 2015 and 2014

	8		
		2015	2014
INCOME (LOSS) BEFORE INCOME TAXES (BROUGHT FORWARD)		(3,691)	(407,201)
BENEFIT (PROVISION) FOR STATE INCOME TAX - DEFERRED		188	28,789
NET INCOME (LOSS)	000	\$ (3,503)	(378,412)

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts	\$ 389	1,197
Other Operating Receipts	7,761,060	7,959,502
Administrative	(894,904)	(883,869)
Management Consulting Fees	(251,558)	(361,957)
Utilities	(199,839)	(203,972)
Salaries and Wages	(3,579,444)	(3,411,317)
Operating and Maintenance	(229,483)	(195,169)
Real Estate Taxes	(53,447)	(52,615)
Property Insurance .	(62,508)	(60,227)
Miscellaneous Taxes and Insurance	(223,563)	(287,740)
Other Operating Expenses	(1,747,316)	(1,846,951)
Lease Payments	(74,151)	(79,161)
Interest Paid on Mortgage	(328,232)	(334,536)
Interest Paid on Note Payable	(6,194)	(5,390)
Mortgage Insurance Premium	(28,547)	(29,102)
Net Cash Flows Provided by Operating Activities	82,263	208,693
CASH FLOWS FROM INVESTING ACTIVITIES	*	
Purchase of Building and Improvements	(20,134)	(26,728)
Purchase of Equipment, Furniture and Fixtures	(35,223)	(39,996)
Purchase of Vehicles	7	(2,800)
Reserve for Replacement Account	251	(12,980)
Mortgage Escrow	(1,272)	(3,674)
Intol (Rage Escion)		
Net Cash Flows Used for Investing Activities	(56,378)	(86,178)
(4)		
CASH FLOWS FROM FINANCING ACTIVITIES	800 000	
Proceeds from Line of Credit	200,000	(444.000)
Repayments of Mortgage and Note Payable	(126,275)	(111,365)
Net Cash Flows Provided By Financing Activities	73,725	(111,365)

(Continued)

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006 STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

		2015	2014
INCREASE (DECREASE) IN CASH		99,610	11,150
CASH AT BEGINNING OF YEAR	-	368,891	357,741
CASH AT END OF YEAR	<u>\$</u>	468,501	368,891
Reconciliation of Net Income (Loss) to Net Cash Provided By			
Operating Activities	\$	(3,503)	(378,412)
Net Income (Loss)	Ş	(3,303)	(310)1221
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities	. 10		×.
Depreciation Expense		390,912	385,947
Amortization Expense		19,213	19,213
Loss on Disposal of Assets		:=:	716
(Increase) Decrease in Assets:			
Accounts Receivable - Net of Allowance	* /:	(297,820)	309,749
Prepaid Expenses		86,429	(48,098)
Patient Trust Fund		(17,585)	1,576
Deferred Tax Benefit		(188)	(28,789)
Increase (Decrease) in Liabilities:			
Accounts Payable		15,763	8,217
Accrued Salaries and Wages		(114,581)	8,484
Accrued Payroll Taxes		(8,860)	480
Accrued Compensated Absences	ğ	(7,153)	(348)
Accrued Expenses		2,051	(68,466)
Patient Trust Fund	,	17,585	(1,576)
Net Cash Flows Provided by Operating Activitles	\$	82,263	208,693
SUPPLEMENTAL DISCLOSURES: Non-cash investing and financing activities: Acquistion of vehicle on installment loan basis	\$	Ē	52,910

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The major accounting policies of Ivy Hall Nursing Home, Inc. (the "Company") are summarized below to assist the reader in reviewing the Company's financial statements.

Organization

Ivy Hall Nursing Home, Inc. was organized as a corporation to own and operate a 100-bed health care facility providing intermediate and skilled care to its residents. The additions and renovations of the project, including refinancing of the existing debt at the time of renovation, were financed and constructed under Section 232 of the National Housing Act for Nursing Homes, and is administered by the U.S. Department of Housing and Urban Development (HUD). For the year beginning January 1, 1988, its owner elected under the Internal Revenue Code to become an S corporation. One shareholder owns 100 percent of the outstanding stock of the corporation. The facility is located in Elizabethton, Tennessee and resident base is primarily comprised of residents of East Tennessee.

Cash

Cash consists of cash on deposit at a bank and petty cash. Cash on deposit is insured up to \$250,000 by Federal Depository Insurance Corporation (FDIC) coverage. At various times during the years, the Company maintained cash balances in excess of insurable limits set by the FDIC. The Company also carries employee dishonesty coverage in the amount of \$750,000. At December 31, 2015 and 2014, cash on deposit and on hand included the following:

	Per	Bank	Per Bo	oks
	2015	2014	2015	2014
Petty Cash	\$ 500	500	\$ 500	500
Bank	676,148	460,397	468,001	368,391
Total	\$ 676,648	460,897	\$ 468,501	368,891

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Cash is held in the bank for the reserve and replacement of equipment as required by the U.S. Department of Housing and Urban Development. The balances per bank at December 31, 2015 and 2014 were \$245,360 and \$245,611, respectively. All cash on deposit is insured up to \$250,000 by the FDIC.

Property and Equipment

Property and equipment are stated at cost and are depreciated by the straight-line method over their estimated useful lives. Expenses for maintenance and repairs, which do not improve or extend the life of an asset, are charged to expense as incurred. Major renewals, betterments, and additions are capitalized. Interest incurred during construction of the facility totaling \$216,280 has been capitalized and is included in the cost of the building in the property and equipment section of the balance sheets. Depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$390,912 and \$385,947, respectively.

Intangible Assets

Certain costs incurred relative to obtaining financing have been capitalized and are being amortized on a straight-line basis over the life of the loan (Note 4). In 2014, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update concerning accounting methods for goodwill. As a result, goodwill is being amortized over a 10 year life (Note 10).

Compensated Absences

Employees of the Company are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. The Company has accrued \$111,316 and \$118,469 at December 31, 2015 and 2014, respectively.

Patient Service Revenue

Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for service rendered.

Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$5,093 and \$4,275, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Federal Income Taxes

The Company has made no provision for federal income taxes because the shareholder is taxed individually on the S-corporation earnings.

State Income Taxes

The Company is subject to paying state income taxes in Tennessee. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities (Note 10)

Subsequent Events

The Company has evaluated subsequent events through March 23, 2015, the date which the financial statements were available to be issued.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable are comprised of amounts due from private-pay patients and amounts due from Medicaid and Medicare. Gross accounts receivable as of December 31, 2015 and 2014 were \$868,908 and \$571,088, with allowances for doubtful accounts of \$40,000 and \$40,000, respectively. The allowance for doubtful accounts is an estimate established by a review of account history and knowledge of the industry. Accounts are directly written off once all methods of collection have been exhausted. Bad debt was \$16,131 and \$55,453 for the years ended December 31, 2015 and 2014, respectively.

NOTE 3 - PATIENT TRUST FUNDS

Patient trust accounts are maintained by the facility on behalf of its patients. Separate bank accounts are used for the trust funds. The Company classifies the amount in a specifically designated cash account with an offsetting patient trust liability for the funds on deposit. The patient trust accounts, as required by federal nursing facility regulation, are fully insured via surety bonding.

NOTE 4 - LOAN COSTS

Loan costs consist of the following at December 31:

	201	5	_2014_
Loan Costs - net of accumulated amortization of \$31,045 in 2015 and \$28,608 in 2014 Loan Costs - net of accumulated amortization of	\$ 54,	174	56,611
\$35,970 in 2015 and \$29,008 in 2014	· <u>156,</u>	065	163,027
6	\$210,	239	219,638

Loan Costs, with an original cost of \$85,219, associated with the HUD construction loan were amortized over the life of the loan of 420 months using the straight-line method.

Loan Costs, with an original cost of \$192,035, is associated with a second HUD construction loan obtained during 2009. The loan costs are amortized over the life of the loan of 331 months using the straight-line method.

The future amortization of these loan costs will be as follows:

2016	\$ 9,397
2017	9,397
2018	9,397
2019	9,397
2020	9,397
Thereafter	<u> 163,254</u>
Total	\$2 <u>10,239</u>

NOTE 5 - MORTGAGE AND NOTE PAYABLE

Mortgage Payable

On April 1, 2003, the Company borrowed funds from a bank to refinance existing debt for the construction of a 23-bed addition and to make major renovations to the existing 77-bed building. The total amount of the mortgage was \$4,107,300 at an interest rate of 5.65%. Monthly payments of \$22,462 began June 1, 2003 including interest and principal. This loan matures May 1, 2038. The loan is collateralized by the building.

During 2010, key Hall Nursing Home, Inc. obtained a loan for renovation construction on the Home. The original amount of the loan was \$1,816,900. During 2011, an approved increase in the loan was agreed to, bringing the total loan balance to \$2,118,800. The loan carries an interest rate of 6.95%. Monthly payments began in November 2010.

The loans are both collateralized by the HUD project and all personal property relating to the project with a carrying amount of \$4,050,112, net, as of December 31, 2015.

Based on market rates for similar loans, at December 31, 2015 and 2014, the fair value of the mortgages approximates their carrying amount.

Mortgage payable at December 31 was as follows:

			2014
	5		
Mortgage Payable - Bank		\$5,382,818	5,491,935
Less: Current Portion		115,928	109,116
1000, 00, 0110, 0110,		\$5,266,890	5,382,819

Maturities of long-term debt for the mortgage payable as of December 31, 2015 are as follows:

			Total
	HUD	HUD	Mortage
#08	37-43051	#087-10006	Payable
\$	78,189	37,739	115,928
·	82,723	40,445	123,168
	87,520	43,349	130,869
	92,595	46,459	139,054
	97,964	49,793	147,757
	2,983,307	1,742,735	4,726,042
\$	3,422,298	1,960,520	5,382,818
	\$	#087-43051 \$ 78,189 82,723 87,520 92,595	#087-43051 #087-10006 \$ 78,189 37,739 82,723 40,445 87,520 43,349 92,595 46,459 97,964 49,793 2,983,307 1,742,735

NOTE 5 - MORTGAGE AND NOTE PAYABLE (CONTINUED)

Note Payable

During October 2013, the Company entered into a note payable to purchase a vehicle. The total amount of the note was \$20,881 with an interest rate of 0% and a maturity date of November 2016. Monthly payments of \$580 began November 2013. Note payable at December 31, 2015 and 2014 was \$5,220 and \$12,181, respectively, of which \$5,220 was considered current in 2015.

Maturity of the note payable as of December 31, 2015 was as follows:

	Note	e Payable
2016	\$	5,220
Total	\$	5,220

During October 2014, the Company entered into a note payable to purchase a vehicle. The total amount of the note was \$52,910 with an interest rate of 2.29% and a maturity date of November 2019. Monthly payments of \$939 began November 2014. Note payable at December 31, 2015 and 2014 was \$41,034 and \$51,231, respectively, of which \$10,415 was considered current in 2015.

	Not	Note Payable			
2016	\$	10,4 15			
2017		10,656			
2018		10,902			
2019		9,061			
Total	\$	41,034			
	-				

NOTE 6 - LINE OF CREDIT

During December 2015, the Company obtained a line of credit for \$200,000 which matures in December 2016. The line is payable upon demand with an initial interest rate of 4%. The line of credit had a balance of \$200,000 and \$0 at December 31, 2015 and 2014. The security for this line of credit is accounts receivable.

NOTE 7 - INTEREST COSTS

Interest costs incurred amounted to \$333,873 and \$339,408 for the years ended December 31, 2015 and 2014, respectively, and were charged to operations.

NOTE 8 - ACCRUED EXPENSES

Accrued	expenses at	December 3	31 were	as follows:
---------	-------------	------------	---------	-------------

	2015	2014
Real Estate Taxes	\$ 45,401	45,615
Tennessee Franchise Tax	1,164	1,947
Management Fees	56,715	57,132
Accrued Legal Expense	3,186	3,186
Accrued Interest - HUD #087-43051	16,113	16,461
Accrued Interest - HUD #087-10006	11,355	11,559
Other Accruais	9,809	5,792
Total Accrued Expenses	\$ 143,743	141,692

NOTE 9 - DEFERRED STATE TAXES

Deferred income tax assets (liabilities) at December 31 were:

Control of the contro	2015	_2014_
Deferred income tax asset from net operating loss carryover	\$ 53,279	60,824
Deferred income tax asset due to the change in legal expense accrual	207	207
Deferred income tax asset due to the change in allowance for doubtful accounts	2,600	2,600
Deferred income tax asset from excess of tax depreciation (MACRS) over book depreciation	44,892	36,906
Deferred income tax asset from excess of tax amortization over book amortization	638	426
Deferred income tax asset due to the change in the vacation accrual	7,235	7,700
Total Deferred Tax Benefit	\$ 108,851	108,663

As of December 31, 2015, the Company had unused state net operating losses available for carryover in future years. The unused state net operating losses carryover will begin to expire in 2027.

NOTE 10 - GOODWILL

The Company repurchased one-half of its outstanding stock from a stockholder for \$103,157 as treasury stock in October 1987. Beginning in 1993, treasury stock was no longer recognized in the State of Tennessee and as a result, the excess cost over the par value of \$5,000 was classified as goodwill. In accordance with financial accounting standards relating to intangible assets, the Company's goodwill balance is amortized based on a 10 year useful life. The balance of goodwill as of December 31, 2015 and 2014 was \$68,710 and \$78,525, respectively, net of accumulated amortization of \$29,447 and \$19,632, respectively. Amortization expense related to goodwill for the years ended December 31, 2015 and 2014 was \$9,815 and \$9,816, respectively.

The future amortization of goodwill will be as follows:

	Goodwill	
2016	9,816	
2017	9,816	
2018	9,816	
2019	9,816	
2020	9,816	
Thereafter	19,630	
Total	\$ 68,710	

NOTE 11 - MANAGEMENT CONSULTING FEES

On October 1, 2003, the Company entered into a management consulting and services agreement (the "agreement") with Care Centers Management of Elizabethton, Inc., a wholly-owned subsidiary of Care Centers Management Consulting, Inc. ("CCMC"). Effective January 1, 2007, the agreement was assigned to CCMC. These companies are located in Johnson City, Tennessee. Management fees were set as being equal to five percent of the project income, until October 2014, when the fees were changed to 3.45%. In April 2015, the fees changed to equal 3.00% of the project income. Management fee expense for 2015 and 2014 totaled \$251,141 and \$359,679, respectively.

NOTE 12 - OPERATING LEASES

Office Equipment

In August 2014, a non-cancellable lease for various computer equipment and components was entered into for 48 months. Total expense was \$5,601 for 2015 and \$1,867 for 2014.

Vehicles

In April 2013, a 36 month non-cancelable operating lease was entered for a 2013 Ford Expedition. The total expense was \$17,493 for 2015 and \$17,493 for 2014.

NOTE 12 - OPERATING LEASES (CONTINUED)

Building - Related Party

The Company entered into a 30 year non-cancelable operating lease on July 1, 2005 for a building owned by the shareholder. Total rent expense was \$15,329 for 2015 and \$15,497 for 2014. Per the lease agreement, monthly rent expense equals the lessor's depreciation expense incurred, lessor's loan cost amortization, lessor's property tax incurred, lessor's insurance expense incurred plus lessor's interest expense. The building is utilized for nursing home purposes only, including as a laundry and for storage of nursing home property and supplies.

During 2009, the Company entered into a 20 year non-cancelable operating lease for a house owned by the shareholder. Total rent expense was \$18,905 for 2015 and \$18,905 for 2014. Per the lease agreement, monthly rent expense equals the lessor's principal and interest payment on the property plus the lessor's property tax incurred. The house is utilized for nursing home purposes only.

Future Minimum Payments:

The future minimum rental payments for operating leases are:

2016	\$ 44,029
2017	39,460
2018	37,383
2019	33,422
2020	33,178
Thereafter	310,710
	\$498,182

NOTE 13 - CHANGE IN ACCUMULATED DEFICIT

The change in accumulated deficit during 2015 and 2014 consisted of the following:

	2015	2014
Beginning Balance, January 1	\$ (1,328,756)	(950,344)
Net Income (Loss)	(3,503)	(378,412)
Ending Balance, December 31	\$ (1,332,259)	(1,328,756)

NOTE 14 - MEDICAL MALPRACTICE AND WORKERS COMPENSATION CLAIMS

Based on the recommendation of legal counsel, the Company accrued \$3,186 in 2015 and \$3,186 in 2014 to cover the estimated defense costs and the potential settlement of a pending case. The Company purchases professional and general liability insurance to cover various claims including medical malpractice and workers compensation. The Company is of the opinion that any additional potential losses from claims would be covered by insurance. As of December 31, 2015, \$71,814 had been expensed in relation to the case, leaving \$3,186 of exposure.

NOTE 15 - UNCERTAIN TAX POSITIONS

The Company files income tax returns in the U.S. federal jurisdiction and the State of Tennessee. The Company is organized as an S-Corporation. For the U.S federal purposes, items of income or loss are allocated to the shareholders in accordance with their respective equity interest and reported in their individual federal income tax returns.

As of December 31, 2015 and 2014 the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and does not expect this to change significantly over the next 12 months. In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the Company will recognize interest and penalties accrued on any unrecognized tax liabilities as a component of income tax expense. As of December 31, 2015 and 2014, the Company has not accrued interest or penalties related to uncertain tax positions.

SUPPLEMENTARY

INFORMATION

In accordance with the provisions of the Regulatory Agreement, restricted cash is used for replacement of property subject to the approval of HUD.

Schedule of Reserve for Replacements	#0	HUD 987-43051	HUD #087-10006	Total
Balance, January 1, 2015	\$	205,213	40,398	245,611
Monthly Payments HUD #087-43051 (\$4,040 x 12 months)		48,480	-	48,480
Monthly Payments HUD #087-10006 (\$806 x 12 months) Authorized Withdrawal by Mortgage Used for		-	9,671	9,671
Building Improvements (Account 1420)		(58,700)	3.00	(58,700)
Interest		243	55	298
Balance, December 31, 2015	\$	195,236	50,124	245,360
The reserve for replacement account is held in the following	accou	ints:		

\$ 245,360

Residual Receipts

Money Market Account - Heartland Bank

None

See Independent Auditors' Report.

Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)		
PART A		
Cash	\$	468,501
Medicaid and Medicare Receivables, Net of Allowance		828,908
Patient Trust Deposits	-	45,690
TOTAL CASH		1,343,099
Current Obligations		
Accounts Payable - 30 Days		251,836
Accrued Expenses (not Escrowed)		149,478
Leases Due Within 30 Days		4,769
Loans and Notes Payable Due Within 30 Days		36,863
Patient Trust Deposits		45,690
TOTAL CURRENT OBLIGATIONS		488,636
SURPLUS CASH	\$	854,463
Amount Available for Distribution During Next Fiscal Period	\$	854,463
Deposit Due Residual Receipts	\$	0

Schedule of Changes in Fixed Assets

			Asset B	alance				
	Balance 1/1/2015		Additions	Deletions	Balance 12/31/2015			
Land	\$	335,630	-	2	335,630			
Buildings	•	6,457,840	20,134		6,477,974			
Equipment - Portable		270,201	3#3	5	270,201			
Vehicles		90,578	<u>;=</u> 2	-	90,578			
Furniture		77,264	3,197	-	80,461			
Miscellaneous Fixed Assets	-	387,505	32,026	* 1	419,531			
Totals	\$	7,619,018	55,357	0	7,674,375			

	Accumulated Depreciation					
		Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015	Net Book Value
Buildings	Ś	3,744,787	318,364	340	4,063,151	2,414,823
Equipment - Portable	•	191,633	17,797	(#S	209,430	60,771
Vehicles		19,114	21,017	· **	40,131	50,447
		54,721	2,076	*	56,797	23,664
Furniture Miscellaneous Fixed Assets		363,672	31,658	ED	395,330	24,201
Totals	\$	4,373,927	390,912	0	4,764,839	2,573,906

Schedule of Additions to Buildings Account (1420)

Description		A	mount
Automatic Door (Side Door)		\$	2,078
	*		5,500
Parking Lot Paving			6,091
Dish Machine			2,393
Water Heater			•
2 ½ Ton Air Handler			2,700
Condenser Unit-A/C			1,372
Total		<u>\$</u>	<u> 20,134</u>
10.00			

(Continued)

Schedule of Changes in Fixed Assets (Continued)

Schedule of Additions to Furniture Account (1450)

Description		<u>Amount</u>
Bariatric Electric Bed		<u>\$ 3,197</u>
Total	to	<u>\$ 3,197</u>

Schedule of Additions to Miscellaneous Fixed Assets Account (1490)

	<u>Amount</u>
	\$ 1,238
4	2,710
	8,064
	1,899
Y	1,589
	2,004
	2,463
	3,857
	2,268
	4,826
	<u>1,108</u>
	<u>\$ 32,026</u>
	el al

Schedule of 5300 Accounts - Revenue

Description		Amount	
Private-Pay Room and Board		\$	951,805
Private-Pay Ancillary			97,238
Private-Pay Contractual Adjustments			(422,937)
Medicaid Room and Board	8	15)	4,778,435
Medicaid Contractual Adjustments			(191,830)
Medicare Room and Board			767,070
Medicare Ancillary			229,420
Medicare Contractual Adjustments			(1,002,263)
Other Public Room and Board			411,981
Other Public Contractual Adjustments			(83,728)
Hospice			186,675
Rehabilitation	ĕ		2,305,863
Total	a a	\$	8,027,729

Schedule of 6900 Accounts

Description	Amount
Dietary Salaries	\$ 210,938
Dietary Purchased Services	13,560
Food	208,916
Dietary Supplies	14,489
Registered Nurses Payroll	254,869
Licensed Practical Nurses Payroll	604,393
Other Nursing Salaries	1,027,192
Director of Nursing Salaries	175,192
Nursing Purchase Service	80,117
Housekeeping Salaries	156,766
Housekeeping Supplies	34,573
Other Housekeeping	1,650
Housekeeping Purchased Services	1,085
Drugs and Pharmaceuticals	207,032
Medical Salaries	37,500
Other Medical	56,687
Medical Purchased Services	2,457
Medical Supplies	232,891
Laundry Salaries	51,535
Laundry, Linen, Bedding, Disposables, Purchased Services	8,828
Laundry Supplies	7,421
Medical Records Salaries	43,659
Medical Records Supplies	3,681
Recreation and Rehabilitation	172,489
Activities Supplies	2,629
Rehabilitation Supplies	8,159
Rehabilitation Purchased Services	577,242
Other Service Expenses	4,617
Total	\$ 4,200,567

See independent Auditors' Report.

Nursing Home Supplemental Data

100
36,500
3,862
11%
22,724
67%
5,373
16%
604
2%
1,414
4%
33,977
93%

Detail of Accounts

Description Amount Miscellaneous Revenue (5990) \$ 10,196 Cable TV and Phone 6,873 Employee and Guest Meals 5,102 Miscellaneous 63 Gift Income 320 Other - Insurance Proceeds 1,000 Deferred State Income Tax Provision 188 Bad Debt Recovery 7,597 Total \$ 31,339 Miscellaneous Administrative Expenses (6390) \$ 1,603 Beauty and Barber Shop 12,814 Benefits Administration 71,111 Billing and Collections 99,560 Customer Relations 7,055 Donations 500 Dues and Subscriptions 44,007 Education 1,071 Employee Paid Time Off 187,283 Employee Relations 16,939 Employee Expense 280 Bad Debt 1,230 Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services <td< th=""><th></th><th></th></td<>		
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Cable TV and Phone 6,873 Employee and Guest Meals 5,102 Miscellaneous 63 Gift Income 320 Other - Insurance Proceeds 1,000 Deferred State Income Tax Provision 188 Bad Debt Recovery 7,597 Total \$ 31,339 Miscellaneous Administrative Expenses (6390) Bank Charges \$ 1,603 Beauty and Barber Shop 12,814 Benefits Administration 71,111 Billing and Collections 99,560 Customer Relations 7,055 Donations 500 Dues and Subscriptions 44,007 Education 1,071 Employee Paid Time Off 187,283 Employee Expense 280 Bad Debt 1,230 Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	Miscellaneous Revenue (5990)	
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Signature Sign	Employee and Guest Meals	<u>.</u>
Other - Insurance Proceeds 1,000 Deferred State Income Tax Provision 188 Bad Debt Recovery 7,597 Total \$ 31,339 Miscellaneous Administrative Expenses (6390) \$ 1,603 Bank Charges \$ 1,603 Beauty and Barber Shop 12,814 Benefits Administration 71,111 Billing and Collections 99,560 Customer Relations 7,055 Donations 500 Dues and Subscriptions 44,007 Education 1,071 Employee Paid Time Off 187,283 Employee Relations 16,939 Employee Expense 280 Bad Debt 1,230 Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	Miscellaneous	
Deferred State Income Tax Provision	Gift Income	
Bad Debt Recovery 7,597 Total \$ 31,339 Miscellaneous Administrative Expenses (6390) Bank Charges \$ 1,603 Beauty and Barber Shop 12,814 Benefits Administration 71,111 Billing and Collections 99,560 Customer Relations 7,055 Donations 500 Dues and Subscriptions 44,007 Education 1,071 Employee Paid Time Off 187,283 Employee Relations 16,939 Employee Expense 280 Bad Debt 1,230 Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	Other - Insurance Proceeds	•
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Miscellaneous Administrative Expenses (6390) Bank Charges \$ 1,603 Beauty and Barber Shop 12,814 Benefits Administration 71,111 Billing and Collections 99,560 Customer Relations 7,055 Donations 500 Dues and Subscriptions 44,007 Education 1,071 Employee Paid Time Off 187,283 Employee Relations 16,939 Employee Expense 280 Bad Debt 1,230 Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 1,491	Bad Debt Recovery	***************************************
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Bank Charges \$ 1,603 Beauty and Barber Shop 12,814 Benefits Administration 71,111 Billing and Collections 99,560 Customer Relations 7,055 Donations 500 Dues and Subscriptions 44,007 Education 1,071 Employee Paid Time Off 187,283 Employee Relations 16,939 Employee Expense 280 Bad Debt 1,230 Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	*	
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Meals Related to Travel 173 Other Administrative 604 Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	Employee Expense	
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Patient Flower Expense 1,527 Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	Meals Related to Travel	_,_
Purchased Services 55,384 Risk Management 40,668 Travel 1,491 Vehicle 11,841	Other Administrative	
Risk Management 40,668 Travel 1,491 Vehicle 11,841	Patient Flower Expense	•
Travel 1,491 Vehicle 11,841	Purchased Services	
Vehicle 11,841	Risk Management	
y criticis	Travel	_ ·
Total \$ 555,141	Vehicle	****
	Total	\$ 555,141

(Continued)

Detail of Accounts (Continued)

<u>Description</u>		mount
Miscellaneous Operating and Maintenance Expenses (6590) Furniture and Equipment Replacement Storage Rental Space	\$	39,970 4,473
Total	<u>\$</u>	44,443
Miscellaneous Taxes, Licenses, Permits and Insurance (6790)		
Miscellaneous Taxes	\$	5,498
Franchise and Excise Tax		8,004
Sales and Use Tax		3,191
State Licensure Fee		407,156
Licenses	-	1,700
Total	\$	425,549
Miscellaneous Financial Expenses (6890)		
Late Charges and Penalties	\$	705
Interest - Other	7-	1,067
Total	\$	1,772

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors Ivy Hall Nursing Home, Inc. 301 Watauga Avenue Elizabethton, Tennessee 37643

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ivy Hall Nursing Home, Inc. (the "Company"), HUD Projects #087-43051 and #087-10006, which comprise the balance sheet as of December 31, 2015, and the related statements of profit and loss and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Ivy Hall Nursing Home, Inc.
Independent Auditors' Report on Internal
Control and Compliance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childwork Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC

Johnson City, Tennessee

March 23, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR HUD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

To the Board of Directors Ivy Hall Nursing Home, Inc. 301 Watauga Avenue Elizabethton, Tennessee 37643

Report on Compliance for Each Major HUD-Assisted Program

We have audited Ivy Hall Nursing Home, Inc.'s (the "Company"), HUD Projects #087-43051 and #087-10006, compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on each of the Company's major U.S. Department of Housing and Urban Development (HUD) assisted programs for the year ended December 31, 2015. The Company's major HUD-assisted programs and the related direct and material compliance requirements are as follows:

Name of Major HUD-Assisted Pr	rograms
-------------------------------	---------

HUD Project #087-43051 and HUD Project #087-43051

Direct and Material Compliance Requirements

Federal Financial Reports
Fair Housing and Non-Discrimination
Mortgage Status
Replacement Reserve
Distribution to Owners
Equity Skimming
Cash Receipts
Cash Disbursements
Management Functions
Unauthorized Change of Ownership/Acquisition
of Liabilities
Unauthorized Loans of Project Funds

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants to its HUD-assisted programs.

Ivy Hall Nursing Home, Inc.
Independent Auditors' Report on Compliance
and Internal Control over Compliance

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance of each of the Company's major HUD-assisted programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD-assisted program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD Assisted program. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on Each Major HUD Assisted Program

In our opinion, Ivy Hall Nursing Home, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on major HUD-assisted programs for the year ended December 31, 2015.

Other Matters

We noted certain matters that we are required to report to management of the Company in a separate written communication. These matters are described in our management letter dated March 23, 2016.

Report on Internal Control over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the requirements that could have a direct and material effect on each major HUD-assisted program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD-assisted program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

Ivy Hall Nursing Home, Inc. Independent Auditors' Report on Compliance and Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD-assisted program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD-assisted program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD-assisted program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

> Blackburn, Childerat Steagall, PCC BLACKBURN, CHILDERS & STEAGALL, PLC

Johnson City, Tennessee

March 23, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO FAIR HOUSING AND NON-DISCRIMINATION

To the Board of Directors Ivy Hall Nursing Home, Inc. 301 Watauga Avenue Elizabethton, Tennessee 37643

We have applied procedures to test Ivy Hall Nursing Home, Inc.'s, (the "Company"), HUD Projects #087-43051 and #087-10006, compliance with the Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs for the year ended December 31, 2015.

Our procedures were limited to the applicable compliance requirement described by the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Company's compliance with the Fair Housing and Non-Discrimination requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

The purpose of this report on compliance is solely to describe the scope of our testing of compliance with specific requirements and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

BLACKBURN, CHILDERS & STEAGALL, PLC Johnson City, Tennessee

March 23, 2016



IVY HALL NURSING HOME

301 WATAUGA AVENUE

PHONE 542-6512

ELIZABETHTON, TN 37643

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006

CERTIFICATION OF PROJECT OWNER

I hereby certify that I have examined the accompanying financial statements and supplementary information of Ivy Hall Nursing Home, Inc., HUD Projects #087-43051 and #087-10006, and to the best of my knowledge and belief, the same are complete and accurate.

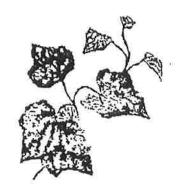
ludy carver DeLoach vy Hall Nursing Home, Inc.

Employer Identification Number

62-0649482

March 23, 2016

Date



IVY HALL NURSING HOME

301 WATAUGA AVENUE

PHONE 542-6512

ELIZABETHTON, TN 37643

IVY HALL NURSING HOME, INC. HUD PROJECT #087-43051 HUD PROJECT #087-10006

MANAGEMENT AGENT'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplementary information of Ivy Hall Nursing Home, Inc., HUD Projects #087-43051 and #087-10006, and to the best of my knowledge and belief, the same are complete and accurate.

Anita B. West, Director of Control and Finance Care Centers Management Consulting, Inc.

March 23, 2016

Date

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IVY HALL NURSING HOME CONTRACT NOTEBOOK

TABLE OF CONTENTS

VENDOR SERVICE AGREEMENTS
A
<u>A</u>
Adventa Hospice, Inc. (Hospice) Alcom Computer Services (BA Agreement for IT Consultant) Allscripts (Software Agreement) Amerinet (Verizon Group Participation Purchasing Agreement) Ancillary and Inventory Management Services, Inc. (Billing and Collection for DME) At Work Medical Services
В
Bremer, Jonathan, MD (Medical Director) Bristol Regional Medical Center (Patient Transfer)
<u>C</u>
Care Centers Management (Management Consulting Company) Caris Healthcare, L.P. Carter County Emergency & Rescue Squad, Inc. (Patient Transport) Certified Generator Service (Generator Maintenance) Charter Business Internet, Video, Music, Phones Cintas Crandall Corporate Dieticians (Dietary Consulting Agreement)
D
DART CHART SYSTEMS, LLC "DCS" DME Tennessee, LLC (Bipap rentals)
<u>E</u>
Fast Tennessee Fire Alarm Inc. (Alarm Service)

<u>F</u>
First Tennessee Human Resource Agency (Transport) Frazier, Jama (Wound/Ostomy Consult Agreement) Fresenius Health Care of Elizabethton (Bio-Medical Applications of TN d/b/a) Functional Pathways of Tennessee, LLC (Therapy)
<u> </u>
Gordon Food Services, Inc. (Menu and emergency food) Green/Tasker and Associates, LLC (Psychiatric Serv. Agreement)
${f H}_{}$
Happy Valley High School Nursing Education-Clinical Affiliation HealthPro Staffing Agency Holston Valley Hospital and Medical Center (Patient Transfer Agr.)
<u>I</u> ,
J
Johnson City Medical Center (Patient Transfer Agr.)
K
L
\mathbf{M}
Marquis Mobile Dental Services, LLC Medical Waste of America-MWA (Disposal of Medical Waste) Medline Industries Incorporated (Software) Mobile Images Acquisitions (mobile x-rays, ultrasound, holster monitor, etc.) Mountain States Hospice (Hospice)
MC

McClain's Pest Control, Inc.

National Rehab (Wound Care) Navigator Group Purchasing, Inc. (Dietary Food)

0

OTIS Elevator Company (Maintenance)

P

Pharmacy Network Solutions, Inc. (Consultant and Services) PNS
Pitney Bowers (Postage)
Prairie Farms (Emergency Water)
Premier Hood & Duct
Princeton Transitional Care
Printworks
Pumphreys, Zach, OD

Q

Quillen Rehabilitation Hospital OSource

R

Reliable Medical Supply Company Respi-Care Revenue Recovery Corporation (Debt Collection Agreement)

S

Simples/Grindall
Southern Belle Dairy (Emergency Water)
State of Tennessee (TennCare)
Stericycle, Inc. (Medical Waste Disposal Services)
Stevens, Becky (Cosmetologist)
Sycamore Shoals Hospital (Patient Transfer)
Synergy Laboratory

<u>T</u>
Tennessee Technical Center @ Elizabethton The Compliance Team, Inc. The Joint Commission Thermocopy
U
<u>V</u>
Valley Forge Freewill Baptist Church (Emergency Shelter) Veterans Affairs (Patient Transfer) Volunteer Oil Company, Inc. (Emergency Fuel)
W

Woodbridge Psychiatric Hospital (Mountain States Health Alliance)

XYZ



July 25, 2016

Ms. Judy DeLoach, Administrator Ivy Hall Nursing Home 301 S. Watauga Avenue Elizabethton TN 37643-3546

Re: 44-5469

Dear Ms. DeLoach:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on May 23 - 25, 2016. An on-site revisit and desk review of the facilities plan of correction for the deficiencies cited as a result of the survey was conducted on July 19, 2016. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of July 8, 2016.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

Tamra Turberville, R.N.

Regional Administrator

ETRO Health Care Facilities

Tamera Turberville Off

TT: afl



IVY HALL NURSING HOME

301 WATAUGA AVENUE

PHONE 642-6512

ELIZABETHTON, TN 37643

June 7, 2016

Ms. Tamra Turberville, R.N.
Regional Administrator
Department of Health
Office of Health Licensure and Regulation
East Tennessee Region
7175 Strawberry Plains Pike, Suite 103
Knoxville, TN 37914

Dear Ms. Turberville,

Enclosed is our plan of correction for the Health and Life Safety Code recertification survey dated May 23 - 25, 2016. We sincerely appreciate the professionalism your staff displayed while performing the survey process.

If you have any questions or need additional information, please feel free to contact me at the numbers listed above.

Sincerely,

Judy Deloach, NHA

Administrator

Enclosure

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STATEMENT OF D FICIENCIES AND PIAN OF CORRECTION				(X2) MULTIPLE CONSTRUCTION A. BUII,OING		
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F 000	During the annual Investigation (#3826 5/23/16 - 5/25/16, at deficiencies were cl	recertification and complaint (2) survey conducted on the try Hall Nursing Home, no ted in relation to the complaint 483, Requirements for long	F 00	Preparation and/or execute Plan of Correction does not an admission or agreement Nursing Home of the truth alleged or conclusions set is statement of deficiencies. Nursing Home files this Correction solely because it to do so for continued state a health care provider participation in the Medicar program. The facility does that any deficiency existed the time of, or after the si facility reserves all rights to survey findings through dispute resolution, formal any other applicable administrative proceedings. Correction should not be establishing any standard of the facility submits that taken by or in response to findings far exceed the standard his document is not intende any defense, legal or equadministrative, civil or proceedings.	t constitute by Ivy Hall of the facts forth in the Ivy Hall Plan of is required licensure as and/or for re/Medicald not admit prior to, at Irvey. The contest the Informal appeal and legal or This Plan of taken as f care, and he actions the survey and of care, and to waive	
11.	1 ///	RISUPPLIENTEPRESENTATIVE'S SIGNA	TURE	TITLE HOMINISTEATTO D		XII) DATE
deficiency saf guard ving the di follovilling	statement ending With Ar	asterisk (*) denotes a deficiency Who cition to the pa epis. (See Instructions.	h the Instituti	ion may be excused from correcting pr nursing homes, the findings stated ab les, the above findings and plans of co	roviding it Js datet ove are discloseb	mined that la 90 days

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F 278 ss=D		DINATION/CERTIFIED	F2	<u>Residents</u> Resident #51's Minimum Data Se	et was
ž	resident's status.	ist accurately reflect the		revised by the MDS Coordinate 5/24/16 to reflect Resident accurate dental status as	#51's being
	each assessment wiparticipation of health participation of health A registered nurse massessment is completed. Individual who assessment must skitch portion of the assessment must skitch portion of the assessment in a subject to a civil monst still pand knowing to certify a material a resident assessment.	h professionals. nust sign and certify that the leted, completes a portion of the gn and certify the accuracy of issessment. Medicald, an Individual who by certifies a material and resident assessment is sey penalty of not more than essment; or an Individual who by causes another individual and false statement in a tis subject to a civil money		edentulous. Resident #51 has shown negative effects from this practice. MDS Nurses were counseled by Assistant Administrator on 5/regarding the need to code the residents' oral/dental status accurate on the MDS by conducting a the oral examination of facility residuring their MDS Assessment period the Resident Assessment Instruction of Other Residents Potential to be Affected. Facility Residents have the potent be affected by this practice. Begling for the status accurate the potential to be Affected.	wn no e. The y the /26/16 facility urately brough dents od, per ument with
	penalty of not more t assessment. Clinical disagreemen material and false str	it does not constitute a			assess nts to ts the These be MDS Any MDS Il/oral
1		1 2 1	TUDE	TITIE	(X6) DATE
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Any deficiency other saf guar	ds provide sufficient prote ate of survey whether or n the date these documents	ection to the pa-ents, (See instructions	nursing be	ution may be excused from correcting providing for nursing homes, the findings stated above are mes, the above findings and plans of correction are cited, an approved plan of correction is requ	n are disculosable 14

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F 278	Continued	152	F 27	Systematic Changes		
	by: Based on medical rand interview the factors assess denial I <itus admitted="" and="" depressive="" districts="" esophageal="" facility="" findings="" gastro="" included="" including="" interviewed.<="" major="" medical="" pneumonia="" record="" residents="" reviewed="" reviewed,="" td="" the="" to=""><td></td><td></td><td>oral/dental assessment during facility resident's MDS Assessment P to ensure the MDS is coded accurate oral/dental status. Newly-hired Nurses will be educated during</td><td>ough each eriod ly for MDS their MDS the MDS the MDS oral</td><td></td></itus>			oral/dental assessment during facility resident's MDS Assessment P to ensure the MDS is coded accurate oral/dental status. Newly-hired Nurses will be educated during	ough each eriod ly for MDS their MDS the MDS the MDS oral	
7 1 1 1 1 1 1 1 1 1	(MDS) Admission Asservesied Resident #6 assessed as " No na fragment(s) (edentuic were present [box of Conservation of Resident's reas edentuious.	us)none of the above		Monitoring A monthly audit of 10% of far residents' MDSs will be conducted by MDS Nurses, reviewing one anoth documentation, to ensure accuracy coding of facility residents' oral/de status; comparing results of examinations with coding for this sec of the MDS. The results of this audit be presented to the monthly Qui Assurance Performance Improvem Committee for review recommendations until desired threst	the ner's / In ental oral tion will elity ent	
~ 3 # A	:00 PM, in the MDS o 51 was edentulous a	pordinator on 05/24/18 at office confirmed Resident and the MDSAdmission ental status for Resident		of 100% compliance is met for consecutive months; then quarterly. Contin	3	

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F 278	Continued		F 278	Monitoring (Continued)	
41		ų.		The Quality Assurance Performa improvement (QAPI) Committee cons of the Executive Director, Med Director, Director of Nursing, A	ists Ical sst.
				Director of Nursing, Dietary Manage Housekeeping Supervisor, Med Records Coordinator, Social Servi Director, Activities Director, Busin Office Manager, Human Resour	cal ces ess
8 1				Manager, Maintenance Director a Rehab Manager and MDS Coordinator.	6/10/15
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N 000	Initial Comments	- Assertings	МООО	- JULY AND THE STREET		J
	Nursing Home, no d	censure survey and ion (#38282) survey 16 - 5/25/16. at Ivy Hall eficiencies were cited under standards for Nursing Homes.		R		
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SS E Doors in an exit pre horizontal exit, sme enclosure are self-position, unless he	AFETY CODE STANDARD assageway, stairway enclosure, bke barrier or hazardous area closing and kept in the closed id open by as release devi e .1.6.2 that automatically closes	K021	Corrective Actions for Targeted Residents On 5-26-16, the Maintenance Director contacted Trimble door to replace the 3 rd floor and 1 st floor center stairwell doors to a labeled fire door. The installation will	
all such doors thro compartment or er (a) The required m (b)'Localsmoke de smoke passing thr smoke detection st (c) The automatic	ughout the smoke ntire facility upon activation of: anual fire alarm system and stectors designed to detect ough the opening or a requirild	\	be complete by 7-8-16. Identification of Other Residents with Potential to be Affected On 5-26-16, the Maintenance Director inspected facility fire doors and found no other areas affected.	
approved type with rating. 8.2,3.2.3.1 Boller rooms, heat equipment rooms This STANDARD Based on observa	n vertical openings are of an appropriate fire protection er rooms, and mech; mical doors are kept closed. Is not met as evidenced by: tion, the facility falled to a doors in the stairwells.		Systematic Changes Measures to assure compliance include a quarterly audit of fire doors by the Maintenance Director to ensure that they have proper labeling and that labels have not been painted over. Sylonitoring	
AM revealed doors protecting the center doors.	le; 5/16 at 10:15 AM and 10:45 on the 3rd floor and 1st floor er staliwett are not labeled fire e verified by the maintenance wledged by the administrator		Results of these audits will be reported quarterly by the Maintenance Director to the Quality Assurance Performance Improvement Committee for Review and Recommendations. The Assistant Administrator and Maintenance Director will follow up on recommendations from the QAPI Committee to assure	
during the exit cont	ferance on 5/25/16.		compliance. Continue	
ny detteleney statement anding with lifer eafeguards provide st. lificient pro	en asterisk (") tertolee a deficielley who steetion to the patients. (Ses instructions, rnot a plan of correctionts provided. For	h the inelituUor	TITIE MINI STRATE Image be excused from correcting providing it is deterriging homes, like findings s(ated above are disclosal s, the above findings and plans of corroction radiscitled, an approved plan of corrections requisite to corrections.	(Xe) OATE

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Page 6 of 12

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STATE OF TENNESSEE

COUNTY OF WASHINGTON Unicoù

Applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and

Development Agency are true and complete.

PRESIDENT / ADI

Sworn to and subscribed before me the day of September, 2016, a Notary Public for Washington County, Tennessee.

Unicosi

NOTARY PUBLIC



Supplemental #1 -COPY-

IVY HALL NURSING HOME

CN1610-034

	6	
(4)		

136 SUPPLEMENTAL RESPONSES

CERTIFICATE OF NEED APPLICATION

FOR

IVY HALL NURSING HOME

The Addition of One Skilled Nursing Bed

Carter County, Tennessee

Project No. CN1610-034

October 25, 2016

Contact Person:

Jerry W. Taylor, Esq. Burr & Forman, LLP 511 Union Street, Suite 2300 Nashville, Tennessee 37219 615-724-3247

1. Section A, Applicant Profile, Item 1 and Project Details, Item 4

The location of the applicant in the Letter of Intent is "301 South Watauga Avenue" while the application notes the location is "301 Watauga Avenue". Please clarify.

The correct USPS address is 301 South Watauga Avenue. The address on page 1 of the application was an oversight. A Replacement Page 1 is attached following this response.

The applicant did not indicate if applicant has a web-site address. Please respond and submit replacement pages 1 and 5.

The applicant does have a website. The URL address is www.ivyhallnursinghome.com.

11:09 am

2. Section A., Executive Summary, B. Rational for Approval

It is noted the applicant will use the existing isolation room for the additional nursing home bed. However, if approved please discuss where patients requiring isolation will be located if there is a future need.

Resident care history reflects Ivy Hall Nursing Home has shown a need for an isolation room no more than a couple of times per year. Ivy Hall believes it could best utilize this space as an additional bed to accommodate more residents throughout the year as opposed to just a couple of times per year. As for accommodating future isolation needs if approved, Ivy Hall will place the isolation need resident(s) in an available private room.

3. Section 6B.(1) Plot Plan

Please identify the location of the structure on the plot plan and location of the proposed one licensed bed addition.

The isolation room is on the first floor and is so labeled on the attached floor plan. A plot plan with the approximate location noted is also attached following this response.

4. Section 6B. (3) Relationship to Public Transportation

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Ivy Hall is located in the heart of downtown Elizabethton approximately 6/10th of a mile from US Highway 321. Highway 321 (also named West Elk Avenue and Broad Street) is the main thoroughfare through Elizabethton.

Ivy Hall is on the public bus route, and a drop-off/pick- up is within 100 yards of the facility.

5. Section B, Need Item 1. (Specific Criteria –Nursing Home) Item 14.B

Please indicate if there are any nursing homes in Carter County that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

According to the Department of Health, Division of Health Care Facilities website, no nursing homes in Carter County are so designated.

6. Section C. Need, Item 6

The applicant appears to have listed question #7 as a response to Question #6. Please clarify.

The response to question Section C, Need, Item 6 appears at the top of page 17 of the application, and is: "The Department of Health, Division of Health Statistics was the data source relied upon."

7. Section C. Economic Feasibility 3 Historical Data Chart

There appears to be calculation errors in the Historical Data Chart. Please recalculate and submit a revised Historical Data Chart.

A revised Historical Data Chart with the calculation errors corrected is attached following this response.

140

11:09 am

8. Section C. Economic Feasibility Item 4 Projected Data Chart

There appears to be calculation errors in the Projected Data Chart. Please revise and submit a corrected Projected Data Chart if necessary.

Please specify "Other Operating Revenue" in B.4 in the amounts of \$27,443 and \$27,577.

A revised Projected Data Chart with the calculation errors corrected and "Other Revenue" itemized is attached following this response.

9. Section C. Economic Feasibility, Item 6.C. Capitalization Ratio

The figures used to calculate the capitalization ratio appears to include amounts from both the 2014 and 2015 audited balance sheet. Please clarify.

Please recalculate the capitalization ratio using the following formula: Long Term Debt/(Long Term Debt + Total Equity) x 100.

The recalculated capitalization ratio with figures from the 2015 Audited Balance Sheet is as follows:

From 2015 Audited Balance Sheet		
Long Term Debt:		
Mortgage Payable	\$5,266,890	
Note Payable	\$30,619	
Total Long Term Debt	\$5,297,509	
Total Stockholder's Equity	(\$1,327,259)	
Capitalization Ratio	133.43	

10. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

A Publishers Affidavit is attached following this response.

Affidavit of Publication

STATE OF TENNESSEE }
COUNTY OF CARTER }

SS

Delaney Scalf, being duly sworn, says:

That she is General Manager of the Elizabethton Star, a daily newspaper of general circulation, printed and published in Elizabethton, Carter County, Tennessee; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

October 07, 2016

That said newspaper was regularly issued and circulated on those dates.

The sum charged by the Newspaper for said publication does not exceed the lowest rate paid by commercial customers for an advertisement of similar size and frequency in the same newspaper in which the public notice appeared.

There are no agreements between the Elizabethton Star and the officer or attorney charged with the duty of placing the attached legal advertising notices whereby any advantage, gain or profit accrued to said officer or attorney.

SIGNED:

Delaney Scalf

General Manager

Subscribed to and sworn to me this 7th day of October 2016.

Kristia Cruz

Kristina Cruz, Notary Public, Carter County, Tennessee

My commission expires: June 04, 2017

04185554 00119065

Lisa Cawood-Gray Care Centers Management Consulting, Inc. 2020 Northpark, Suite 2D Johnson City, TN 37604





PUBLICATION OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Ivy Hall, Inc., a Tennessee corporation, d/b/a Ivy Hall Nursing Home intends to file an application for a Certificate of Need for the addition of one (1) skilled nursing bed. No services are being initiated or discontinued Ivy Hall Nursing Home is located at 301 South Watauga Avenue, Elizabethton, Carter County, Tennessee, 37643. Ivy Hall Nursing Home is licensed as a nursing home by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is \$37,500.00.

The anticipated date of filing the application is October 12, 2016.

The contact person for this project is Jerry W. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tannessee 37219, 615-724-3247.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency Andrew Jackson Building 502 Deaderick Street, 9th Floor Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(o)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

AFFIDAVIT

STATE OF TENNESSEE)
COUNTY OF CARTER))
am the applicant named in this have reviewed all of the supplicant.	A fafter first being duly sworn, state under oath that is Certificate of Need application or the lawful agent thereof, that it emental information submitted herewith, and that it is true,
accurate, and complete.	Λ Λ Λ
	Mame y Cayver De Lotte
Sworn to and subscribed befo	re me this the day of the , 2016, a Notary
Public in and for Carter Coun	ty, Tennessee.
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	Notary Public
My Commission Expires:	28/3018
	STATE OF TENNESSEE NOTARY
	PUBLIC



LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Elizabethton Star which is a newspaper of general circulation in Carter County, Tennessee, on or before October 7, 2016 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Ivy Hall, Inc., a Tennessee corporation, d/b/a Ivy Hall Nursing Home intends to file an application for a Certificate of Need for the addition of one (1) skilled nursing bed. No services are being initiated or discontinued. Ivy Hall Nursing Home is located at 301 South Watauga Avenue, Elizabethton, Carter County, Tennessee, 37643. Ivy Hall Nursing Home is licensed as a nursing home by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is \$37,500.00.

The anticipated date of filing the application is October 12, 2016.

The contact person for this project is Jerry w. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tennessee, 37219, 615-724-3247; jtaylor@burr.com

Signature

Date

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF0051 (Revised 05/03/04 – all forms prior to this date are obsolete)

RULES OF HEALTH SERVICES AND DEVELOPMENT AGENCY

CHAPTER 0720-11 CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
- (b) The positive or negative effects attributed to duplication or competition;
- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
- (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. Administrative History: Original rule filed August 31, 2005; effective November 14, 2005.

CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH DIVISION OF POLICY, PLANNING AND ASSESSMENT

615-741-1954

DATE December 31, 2016

APPLICANT: Ivy Hall Nursing Home, Inc.

301 South Watauga Avenue Elizabethton, Tennessee 37643

CONTACT PERSON: Jerry W. Taylor. Esquire

511 Union Street, Suite 3200 Nashville, Tennessee 37219

COST: \$37,500

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Ivy Hall, Inc. a Tennessee Corporation, d/b/a Ivy Hall Nursing Home, seeks Certificate of Need (CON) approval for the addition of one skilled nursing bed. No other services are being initiated or discontinued. Ivy Hall Nursing Home is located at 301 South Watauga Avenue, Elizabethton, Carter County, Tennessee, 37643.

Ivy Hay seeks authority to add on bed to its current complement of 100 beds. The additional bed will be dually certified for Medicare and Medicaid/TennCare. The new bed will be housed in a room currently used as an isolation room, but has no licensed bed in it. No construction or renovation is required.

Ivy Hall Nursing Home is owned by Ivy Hall, Inc. Its sole shareholder is Judy C. Deloach, who also serves as administrator. There is no corporate parent, affiliate, or subsidy.

The total project cost is \$37,500 and will be funded through cash reserves of Ivy Hall.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:

The applicant's designated service area is Carter County. The projected total population for Carter County in 2016 is 58,139, increasing to 58,274 in 2018, an increase of 0.2%. The 2016 age 65+ population is 12,124, increasing to 12,830 in 2018, an increase of 5.8%. Approximately 85% of Ivy Hall's admissions come from Carter County.

Ivy Hall has consistently operated at or near its licensed bed capacity for the last three years. The applicant reports occupancies of 96.8%, 96.3%, and 95.4% in 2013, 2014 and 2015 each year, respectively. Not all of the nursing homes in the service area are operating at 90% capacity. There are six nursing homes in Carter County. The average for Carter County for years 2012 thru 2014 was 86%. In 2014, only one facility had an average annual occupancy rate less than 83.5%.

The applicant admits that the addition of one bed will not provide much relief or improvement as far as the occupancy rate is concerned, but it will provide some needed additional capacity. There is no viable option available to the applicant to add more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not a desirable option. Ivy Hall does have an empty room that is used as an isolation room that does not contain a licensed bed. (A patient needing isolation uses a bed rolled in from a private or semi-private room to the empty isolation room).

The following table provides the most recent nursing home utilization according to the Joint Annual Report of Nursing Homes.

Joint Annual Report of Nursing Homes, 2014 Final

County	Nursing Home	Licensed. Beds	Total Days of Care	Licensed Occupancy
Carter	Hermitage Health Center	70	22,527	88.2%
Carter	Hillview Health Center	76	25,315	91.3%
Carter	Ivy Hall Nursing Home	100	35,159	96.3%
Carter	Life Care Center of Elizabethton	154	36,817	65.5%
Carter	Pine Ridge Care and Rehabilitation Center	94	28,659	83.5%
Carter	Roan Highlands Nursing Center	80	26,370	90.3%
Total		574	174,847	83.5%

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

The Tennessee Department of Health calculated the nursing home bed need for Carter County to be 566 beds. According to the 2014 Joint Annual Report, Life Center of Elizabethton reported 154 licensed and staffed beds instead of 158 licensed beds as reported by Healthcare Facilities. Depending on the correct number of beds, there is a surplus of 8 to 12 beds in the service area.

TENNCARE/MEDICARE ACCESS:

Ivy Hall participates in both the Medicare and Medicaid/TennCare programs. The applicant has contract with the TennCare MCOs AmeriGroup, United HealthCare Community Plan, BlueCare, and TennCare Select.

The following chart provides the applicant's projected payor sources for year one.

	Year 1 Projected Revenue	% of Total
Managed Medicare/Managed Care	\$2,597,632	26.5%
TennCare/Medicaid	\$5,077,635	51.8%
Commercial/Other Managed Care	\$548,993	5.7%
Self-Pay	\$519,526	5.3%
Charity	0	0%
Other(Hospice & VA)	\$1,058,599	10.7%
Total	\$9,802,385	100%

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located 24 of the application. The total estimated project cost is \$37,500.

Historical Data Chart: The Historical Data Chart is located in Supplemental 1. The applicant reported 34,833, 34,159, and 35,322 patient days in 2013, 2014, and 2015 with net operating income of (\$310,526), (378,413), and (334,950) each year, respectively.

Projected Data Chart: The Projected Data Chart is located in Supplemental 1. The applicant projects 35,945 and 36,122 patient days in years one and two with net operating revenues of (\$228,130) and (\$218,248) each year, respectively.

The applicant provides their gross charges, deductions from revenue, and average net charge below.

Average Gross, Deduction, and Net Charges

	Previous Year	Current Year	Year 1	Year 2	% Change
Gross Charge	\$276.32	\$284.79	\$273.47	\$273.46	-2.9%
Deduction from Revenue	\$48.64	\$49.81	\$51.66	\$51.66	3%
Average Net Charge	\$226.91	\$234.98	\$221.81	\$221.80	-5.1%

Private room rates are \$220, while semi-private rates are \$200 per patient day. This project will not result in any rate increase.

Ivy Hall room and board rates were compared with other service area nursing homes on page 32 of the application. Those rates ranged from \$207.42 to \$299.91 per patient day.

The proposed project will require the following staff additions.

	Existing FTEs	Projected FTEs Year 1
Direct Care		
LPN	15.52	15.32
RN	4.31	4.31
Nursing Administrator	3.27	3.27
CNA	42.78	42.78
Total	65.88	65.88
Non-Patient Care		
Administrator Asst.	2.24	2.24
Admin. Office	2.42	2.42
Dietary	9.69	9.69
Housekeeping	8.74	8.74
Laundry	2.98	2.94
Unit Clerk	.51	.51
Medical Records	1.06	1.06

Maintenance	3.53	3.53
Activities/Chaplin	2.65	2.65
Social Marketing/Admissions	2.64	2.64
Total Non-Patient Care Positions	36.46	36.46
Total Employees	102.34	102.34
Contractual Employees	5.9	n/a
Total	108.24	

No alternatives to this project were identified. There is not sufficient room to add more beds or rooms and the existing private rooms are not large enough to accommodate another bed to convert them to semi-private rooms, which the applicant does not want to do.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

Ivy Hall has transfer agreements with Johnson City Medical Center, Holston Valley Medical Center, Sycamore Shoals Hospital and Woodridge Psychiatric Hospital.

A complete list of all the vendors and contractors is included in Attachment B.

The addition of one bed to the service area will not have an impact on other area providers. The facility has one empty room (the isolation room) that can be utilized in this highly utilized facility. Ivy Hall is the nursing home of choice to consumers in the service area as evidences by its high occupancy rates.

Ivy Hall is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities, and accredited by The Joint Commission.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR NURSING HOME SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide nursing home services as defined by Tennessee Code Annotated (TCA) Section 68-11-201(28). Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of nursing home services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

NOTE: TCA Section 68-11-1622 states that the HSDA "shall issue no certificates of need for new nursing home beds, including the conversion of hospital beds to nursing home beds or swing beds," other than a designated number of such beds per fiscal year, "to be certified as Medicare skilled nursing facility (SNF) beds...." Additionally, this statute states that the number of Medicare SNF beds issued under this section shall not exceed the allotted number of such beds per applicant. The applicant should also specify in the application the skilled services to be provided and how the applicant intends to provide such skilled services.

NOTE: An applicant that is not requesting a CON to add new nursing home beds shall have its application reviewed by the HSDA staff and considered by the HSDA pursuant to TCA Section 68-11-1609.

Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Need = .0005 x population 65 and under, plus .012 x population 65-74, plus .060 x population 75-84, plus .150 x population 85 +

The Tennessee Department of Health calculated the nursing home bed need for Carter County to be 566 beds. According to the 2014 Joint Annual Report, Life Center of Elizabethton reported 154 licensed and staffed beds instead of 158 licensed beds as reported by Healthcare Facilities. Depending on the correct number of beds, there is a surplus of 8 to 12 beds in the service area.

2. **Planning horizon:** The need for nursing home beds shall be projected two years into the future from the current year.

The projected total population for Carter County in 2016 is 58,139, increasing to 58,274 in 2018, an increase of 0.2%. The 2016 age 65+ population is 12,124, increasing to 12,830 in 2018, an increase of 5.8%. Approximately 85% of Ivy Hall's admissions come from Carter County.

3. **Establishment of Service Area**: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The applicant's designated service area is Carter County. Approximately 85% of Ivy Hall's admissions come from Carter County.

4. **Existing Nursing Home Capacity**: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Joint Annual Report of Nursing Homes, 2014 Final

County	Nursing Home	Licensed. Beds	Total Days of Care	Licensed Occupancy
Carter	Hermitage Health Center	70	22,527	88.2%
Carter	Hillview Health Center	76	25,315	91.3%
Carter	Ivy Hall Nursing Home	100	35,159	96.3%
Carter	Life Care Center of Elizabethton	154	36,817	65.5%
Carter	Pine Ridge Care and Rehabilitation Center	94	28,659	83.5%
Carter	Roan Highlands Nursing Center	80	26,370	90.3%
Total		574	174,847	83.5%

Not all of the nursing homes in the service area are operating at 90% capacity. There are six nursing homes in Carter County. The average for Carter County for years 2012 thru 2014 was 86%. In 2014, only one facility had an average annual occupancy rate less than 83.5%. The addition of one bed should not threaten the financial viability of existing facilities.

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

Not applicable.

6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The applicant complied.

7. **Minimum Number of Beds**: A newly established free—standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Not applicable.

- 8. **Encouraging Facility Modernization**: The HSDA may give preference to an application that:
 - a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

None are applicable.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change

and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

No additional staff is required for the addition of one bed.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Ivy Hall has been serving the Elizabethton community for over 50 years. Ivy Hall works directly with community health care service providers and managed care organizations to ensure patients receive the best care possible. Ivy Hall is centrally and conveniently located and has served families for generations.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The goal of the Choice program and the goal of Ivy Hall is to assist residents to receive the care needed tin a less restrictive, less costly environment, allowing them to remain in their homes. Often times, it is the care provided by Ivy Hall and the long term care community that allows a resident to gain their independence in a less restrictive manner affording them the ability to remain at home. This is evidenced by the many acute care services and rehabilitation services provided by Ivy Hall.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

Ivy Hall's Quality Control and Monitoring Process was designed and implemented to insure compliance with the Affordable Care Act through processes of meeting quality standard, assuring that care reaches and exceeds acceptable levels and continually analyzing performance with systematic efforts for continual improvement. Ivy Hall is accredited and in good standing with the Joint Commission.

13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

Ivy Hall agrees to provide HSDA and TDOH with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

2015: 96.8% 2014: 96.3% 2013: 95.4%

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

Not all of the nursing homes in the service area are operating at 90% capacity. There are six nursing homes in Carter County. The average for Carter County for years 2012 thru 2014 was 86%. In 2014, only one facility had an average annual occupancy rate less than 83.5%. The addition of one bed should not threaten the financial viability of existing facilities.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

2015: 96.8% 2014: 96.3% 2013: 95.4%